

PRACTICE SETS IN FINANCIAL ACCOUNTING

Dr. K.C.S. Jain
Programme Co-ordinator



Regional Institute of Education
(National Council of Educational Research & Training)
AJMER - 305 004

FOREWORD

Quality instructional material plays an important role in improving the teacher competence for better classroom instruction. Ever since the introduction of vocationalisation of education at senior secondary stage, the paucity of quality instructional materials has been felt as one of the major constraints in the implementation of the programmes and has proved a source of great hardship to the students and teachers at this stage.

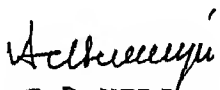
Accounting and Auditing was introduced as one area in vocational stream in Rajasthan from the session 1987-88. Efforts were made by the teachers to make the course vocationally biased. One of the constraints in developing vocational competencies in the students was the absence of appropriate instructional materials. Practice sets do develop such competencies in Accounting. Regional Institute of Education, Ajmer developed such practice sets over a period of time.

During last year, these practice sets were field tested in the senior secondary schools of Rajasthan. Feedback was received from the teachers teaching in these schools. A review meeting of experts was held in which the sets were discussed and modified. These practice sets are now ready for use in the classes. Primarily, these sets are meant for teachers teaching Vocational Accounting. They can also be used as a self learning material by the students after getting required training in their use.

The institute feels obliged to the teachers and resource persons who developed these practice sets. Dr. K.C.S. Jain, Reader in Commerce and the co-ordinator, deserves special appreciation for his contribution towards developing, coordinating and editing the sets.

In the end, I will like to request the teacher teaching this subject to use this material in the classes and develop the required competencies in the students. Suggestions for improvement are welcome.

It is hoped, that the material will go a long way in improving the quality of instruction in Vocational Accounting not only in Rajasthan but also in other states of the country.


(A.C. BANERJEE)
PRINCIPAL
REGIONAL INSTITUTE OF EDUCATION
AJMER - 305 004

PREFACE

Vocational courses at the senior secondary stage were started from the session 1987_88 in the state of Rajasthan. Commerce being one of the major area four courses relating to it were introduced. Out of the four Accounting and Auditing is one important area. Teachers teaching accountancy were facing problems in developing marketable competencies in the absence of suitable instructional materials. Practice sets will facilitate the development of such skills.

A practice set consists of original business papers related to the transactions of a given business for a particular period of time. These papers are arranged chronologically. Students are required to examine the business papers carefully, prepare the list of transactions and enter them in appropriate account books. Thus, a practice set presents a business like situation in the class and the students prepare the books of accounts with the help of these papers. Practice sets can also be used as a self learning material by the students after they have been familiarised with them in the class. Since such practice sets are not readily available it was decided that such sets should be developed and teachers should be trained in their use for developing required competencies.

Attempts were made in the past by Regional College of Education (now Regional Institute of Education), Ajmer to develop these sets. Practice sets were developed on all the units of Financial Accounting taught in Vocational stream at Senior secondary stage as per the syllabus of Rajasthan Board of Secondary Education, Ajmer. A number of workshops were organised to develop these practice sets. It is difficult to name all the participants and resource persons who helped us in developing these sets. However, I thank all of them for their valuable contributions in this endeavour.

The field testing of these practice sets was carried out in Nineteen senior secondary schools of Rajasthan, where Financial Accounting is taught in vocational stream. S.I.E.R.T., Udaipur took keen interest and wrote to the Principals of these nineteen schools to provide all the facilities for field testing of these practice sets. Lecturers teaching in the schools actively cooperated and field tested the sets in the real classroom situations. Feed back was received from most of these lecturers. A small group consisting of Dr.N.C.Dhotia, Dr.K.R.Khatri, Shri B.L.Kotia, Shri M.L.Bapna, Shri S.L.Sharma and Shri Jangid reviewed and finalised these practice sets on the basis of the feed back received, at Regional Institute of Education, Ajmer from 2nd Sept. to 5th Sept., 1997. I am grateful to SIERT Udaipur and the Principals of schools who took keen interest and provided all the facilities in the field testing. I am also thankful to all the school Lecturers who actually used these sets in the classes and sent their valuable suggestions for the improvement of these sets.

This work could not have been possible without the encouragement and academic support given by Prof.A.C. Banerjee, Principal, Regional Institute of Education, Ajmer. I am grateful to him for the same. I acknowledge with gratitude the work done by the reviewers, resource persons and the participants. I also extend my thanks to the Department of Extension Education of the Regional Institute of Education, Ajmer for the assistance rendered to me in conducting all the workshops. My thanks are also due to Shri Gyaneshwar who typed these sets.

DR.K.C.S.JAIN

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PART - I

PRACTICE SET 1

JOURNAL, LEDGER, TRIAL BALANCE AND SIMPLE FINAL ACCOUNTS

Guidelines for teachers

1. The teacher should explain the need and utility of documents contained in the Practice Set thereby motivating students to learn the basic ideas and also the practical aspects of Book keeping and Accountancy.
2. The teacher should explain different types of accounts and the rules for making entries in Journal. He should develop the skill of drawing the proforma of Journal.
3. The teacher should explain the need and utility of ledger and explain the process of preparing ledger from Journal.
4. The teacher should explain the need for totaling/ balancing of different ledger accounts, thereby preparing trial balance from the given ledger.
5. The teacher should explain the purpose of preparing the simple Final Accounts and should guide the students regarding the basis of transferring the balances^{of} different accounts in Trading and Profit & Loss Account and Balance Sheet.
6. The teacher should develop the skill in preparing Journal, Ledger, Trial Balance and Simple Final Accounts from the vouchers.

Hints for students

1. There are 32 vouchers in this Practice Set count them.
2. Try to know the nature of the transaction on the basis of the vouchers contained in the Practice Set.
3. Try to pass the Journal entries from the vouchers.
4. Try to prepare ledger from Journal entries.
5. Try to prepare Trial Balance from ledger.
6. Try to prepare Simple Final Accounts from Trial balance.
7. Check your prepared Accounts with the solution provided at the end of the Practice Set after each step. In case of difficulty consult your teacher.

The Problem

Shri Vibhutiranjana Das started the business of Copies and Books in the name of Book Store, Pushkar Road, Ajmer on 1st March, 1995. The original vouchers of his business for the month of March, 1995 are enclosed. The purpose of Vibhutiranjana Das is not to earn profit but to provide service to the students. Prepare Journal, Ledger, Trial Balance and Simple Final Accounts with the help of these vouchers.

Voucher No.1

No. 3452

S.B.A/c No. 4521

BANK OF BARODA, AJMER

Date: March 1, 1995

Pay : Book Store

or bearer

Rupees : Ten thousands only

Rs.10,000/-

Vishutiranjana Das

Voucher No.2

Cash Memo (Original)

DHAN RAJ JAIN BAHU WALA

Paper Merchants & Stationers

No.321

Purani Mandi, Ajmer

M/s Book Store,

March 2, 1995

Pushkar Road, Ajmer

S.No.	Particulars	Qty.	Rate	Amount Rs. P.
1.	100 Pages_Copies Yellow Cover	12doz	15/- p.djz.	180.00
2.	150 pages_Copies	"	12doz 20/- p.djz.	240.00
3.	300 pages_Bounded	"	odoz 30/- p.djz	180.00
4.	400 pages_Copies	"	4doz 40/- p.djz	160.00
5.	Paper Registers	3doz	30/- Register	90.00
				850.00
			Less 10 %	85.00
				765.00

(Received Rs.Seven hundred sixty five only)

E.&O.E.

For Dhan Raj Jain Bahiwala

Voucher No. 3

BOOK STORE
Stationers & Book Sellers

Pushker Road, Ajmer

March 2, 1995

CERTIFICATE

Two Registers (Rs. Sixty) from the store have been taken to keep the accounts of the store.

Rs. 60/-

V.R. Das
Proprietor

Voucher No. 4

RAJPUTANA STATIONERY MART
Dealers in Stationery & Office Equipment

No. 345
Book Store,
Pushker Road,
Ajmer

Purani Mandi, Ajmer

March 2, 1995

S.No.	Particulars	Qty.	Rate Rs.	Amount Rs. P.
1.	Sulekha writing Pen	2	6	12.00
2.	Gum bottle	5	5	5.00
3.	Envelopes Small	50	12 per 100	6.00
4.	Sulekha ink red & blue	2	4 each	8.00
5.	Punching Machine	1	13	13.00
6.	Stapling Machine	1	13	13.00
				<u>57.00</u>

(Received Rs. Fifty seven only)

E. & O.E.

Note : Charge first four items to Stationery A/c and last two items to office equipment A/c

R.D.

For Rajputana Stationery Mart

Voucher No.5

BOOK STORE
Stationers and Book Sellers

Pushker Road, Ajmer
March 4, 1995

Cash Payment Voucher

Amount : Rs.30.00
Nature of Expense: Letters, Envelopes for
correspondence
Account Head : Postage A/c
Paid by : Cash

Manager

Voucher No.6

Credit Memo
CENTRAL BOARD OF SECONDARY EDUCATION
17 B Indraprastha Marg

No.2509
Order No. BS/4
M/s Book Store,
Pushker Road, Ajmer

New Delhi
March 4, 1995

S.No.	Particulars	Qty	Rate	Amount
1.	Prose	120	6.00	720.00
2.	Poems	120	5.00	600.00
3.	Stories	120	7.00	840.00
				<u>2160.00</u>
	Less Discount 15%			<u>324.00</u>
				1836.00
	Packing & Forwarding charges			<u>20.00</u>
				1856.00

(Rs. one thousand Eight hundred fifty six only)

E.& O.E.

Secretary

Voucher No.7

(Original)

RECEIPT

SHARMA PRINTERS

No.7

Purani Mandi, Ajmer

March 5, 1995

Received with thanks from Book Store, Pughkar
Road, Ajmer Rs. Twenty only for the cost of printing
Cash Memo & Invoice.

Rs. 20/-

Manager

Cash Memo

Voucher No.8JAIN BROTHERS
BOOK SELLERS

No. 1818

Purani Mandi, Ajmer

Order No.

March 6, 1995

To: Book Store, Ajmer

S.No.	Particulars	Qty.	Rate	Amount
1.	Rashi Pranali Shorthand	8	10/-	80.00
2.	Solution Rashi Pranali	3	5/-	15.00
				95.00
	Less Discount 20%			19.00
				76.00

E.&O.E.

For Jain Bros.

Voucher No.9

RECEIPT
PRERNA PATRIKA

No.22

Ajmer
March 7, 1995

Received with thanks from Book Store, Pushker Road, Ajmer Rs. 25/- (Twenty five only) for the cost of advertisement printed in our Patrika.

Rs. 25/-

Manager
Prerna Patrika

Voucher No.10

FRANK BROS. & Co.

Publishers & Book Sellers

Invoice No. 386
Order No. BS/2

Chandni Chowk, Delhi
March 8, 1995

Book Store,
Book Sellers & Stationers,
Pushker Road, Ajmer

S.No.	Particulars	Qty	Rate	Amount
1.	Adrunik Vanijya Pranali Ft.I	30	14/-	420.00
2	do_ Ft.II	15	13/-	195.00
				<u>615.00</u>
	Less Trade Discount 20%			123.00
				<u>492.00</u>

(Rs. Four thousand nine hundred ninety two only)

E. & O. E.

Manager

Voucher No.11

BOOK STORE

COPY STATIONERS & BOOK SELLERS

Invoice No.3

Pushkar Road, Ajmer

Order No. 15

March 8, 1995

New Light Store,
Madar Gate, Ajmer

S.No.	Particulars	Qty.	Rate	Amount
1.	Copies 100 pages	6 doz	15/-	90.00
2.	Copies 150 pages	4 doz	20/-	80.00
3.	Copies 300 pages	2 doz	30/-	60.00
4.	Copies 400 pages	1 doz	40/-	40.00
				<u>270.00</u>

E.&O.E.

Manager

Voucher No.12

Credit Memo

ARYA BOOK DEPOT

30, Naiwala, Karol Bagh, New Delhi

Bill No.8360

March 10, 1995

M/s Book Store, Ajmer

S.No.	Particulars	Qty.	Rate	Amount
1	Bharat ke Nirmata	100	12/-	1200.00
	Less Trade Discount 10%			<u>120.00</u>
				1080.00

E. & O.E.

For Arya Book Depot

Voucher No.13

Receipt (Duplicate)
BOOK STORE
Stationers & Book Sellers

No.2

Pushker Road, Ajmer

March 12, 1995

Received a sum of Rs. Two hundred and fifty only from New Light Store, Madar Gate, Ajmer on account of our Bill No. 3 ~~is~~ dated 8th March, 1995 in full payment by cash.

Rs. 250/-

Manager

Voucher No.14

MAHESH BOOK DEPOT
Publishers & Book Sellers

Bill No.534

Purani Mandi, Ajmer

March 13, 1995

BookStore,
Pushker Road, Ajmer

S.No.	Particulars	Qty.	Rate	Amount
1.	Hindi Desk Book I	33	2/-	66.00
2.	Hindi Desk Book II	72	2 ⁵⁰ / ₁₀₀	180.00
3.	Hindi Desk Book III	62	3/-	186.00
				<u>432.00</u>
	Less 25% Trade Discount			<u>108.00</u>
				<u>324.00</u>

(Rs. Three hundred & twenty four only)

E. & J.E.

For Mahesh book Depot

Voucher No.15NATIONAL COUNCIL OF EDUCATIONAL RESEARCH AND TRAINING
PUBLICATION UNITBook No.71 Bill No. 3527
Order No.5B-31, Moharam Bag,
New Delhi

March 14, 1995

Book Store,
Pushker Road, Ajmer

S.No.	Particulars	Qty.	Rate	Amount
1.	Algebra in Secondary Schools	40	10/-	400.00
	Less Trade Discount 25%			<u>100.00</u>
				300.00

(Rs. three hundred only)

E. & O.E.

Business Manager

Voucher No.16

Form No.16

BOOK STORE

Stationers & Book Sellers

Invoice No.2

Order No.LMPS/13

Pushker Road, Ajmer.

Headmaster,

Demonstration School, Ajmer

March 14, 1995

S.No.	Particulars	Qty.	Rate	Amount	
1	Prose	100	5/-	500.00	
2	Poems	100	5/-	500.00	
3.	Stories	100	5/-	500.00	
4.	Desk Book(Hindi)I	30	1/-	30.00	
5.	Desk Book(Hindi)II	60	2/-	120.00	
6.	Desk Book(Hindi)III	50	2/-	100.00	
7.	Algebra in Sec.schools	20	5/-	100.00	
8.	Adhunik Vanijya Pranali				
	I	5	10/-	50.00	
9.	do	II	5	10/-	50.00
10.	Bharat ke Nirmata	60	6/-	360.00	
				<u>2310.00</u>	
	Less Trade Dis. 10%			<u>231.00</u>	
				<u>2079.00</u>	

(Two thousand seventy nine only)

E. & O.E.

Manager

Govt. of India
Indian Post & Telegraph

Voucher No. 17

No. 3072

Rs. 200/-

Received Rupees (in words) Two hundred only
being amount of Money Order payable to (Payee's Name)
National Council of Educational Research and Training,
New Delhi.

15.3.95

Date Stamp of
the G.P.O.

Commission Rs. 10/-

Sd/.
M.O. Clerk

Voucher No. 18

RECEIPT
BOOK STORE
Stationers & Book Sellers

No. 3

Pushkar Road, Ajmer
March 16, 1995

Received with thanks from the Headmaster
Demonstration School, Ajmer a sum of Rs. 1700/-
(Seventeen hundred only) on account of our Bill No. 2
dated March 14, 1995 in part payment by Cheque No. 37223
State Bank of India, Ajmer

Rs. 1700/-

Manager

Voucher No.19

Counter Foil

bank of baroda, Ajmer

Savings A/c No. 123

Date: March 16, 1995

Paid to the credit of M/s Book Store, Ajmer the sum of Rs. two thousands only.

Notes	2,000.00
Coins	-
Total	2,000.00

Cashier: Suraj Khan

V.P.Das

Voucher No.20

Counter Foil

SB A/c No. 0231

bank of Baroda, Ajmer

Cheque No. 15761

March 18, 1975

In favour of Central Board of Secondary Education, New Delhi against Bill No. 2509.

Rs. 1456/-

(One thousand four hundred fifty six only)

Vibhutipranjan Das

Voucher No.21

ORIGINAL

Receipt
Arya Book Depot
30, Naiwala, Karol Bag, New Delhi

No. 1943

Dated: March 19, 195

Received with thanks from the Book Store, Ajmer
a sum of Rs. One thousand only on account of our Bill No.
8360 dated 10.3.19 in full payment by cash.

Rs.1000/-

For Arya Book Depot

Voucher No.22

BOOK STORE
STATIONERS & BOOK SELLERS
CASH MEMO

No.1
Order No.6

Pushkar Road, Ajmer
March 20, 1995

M/s Roop Kamal Ghanpat Lal,
Stationers & Book sellers, Ajmer

S.No.	Particulars	Cty.	Rate	Amount
1.	Copies 100 pages	3 Doz	15/-	45.00
2.	Copies 150 pages	6 Doz	20/-	120.00
3.	Copies 300 pages	3 Doz	30/-	90.00
4.	Copies 400 pages	2 Doz	45/-	90.00
5.	White paper	24 Couire	40/-	80.00
6.	Adhesive Vanijya Pranali Pt.I	6 Nos	14/-	84.00
7.	Algebra in Sec.schools	10 Nos	10/-	100.00
				609.00
Less Discount				29.00
				580.00

(Rs. Five hundred and eighty only)

E.& J.E.

Manager

Voucher No.23

Receipt
Frank Brothers & Co.
Publishers & Book Sellers

No. 346

Chandni Chowk, Delhi

March 21, 1995

Received with thanks from the Book Store, Pushker Road,
Ajmer a sum of Rs. Four hundred ninety two only on account
of our bill no. 385 dated March 8, 1995 in full payment
by cash.

Rs.492/-

For Frank Brothers & Co.

Voucher No.24

BOOK STORE
Stationers & Book Sellers
Credit Memo

Invoice

Pushker Road, Ajmer

No.1

March 22, 1995

Order No.6

Headmaster,
Demonstration School, Ajmer

S.No.	Particulars	Gty.	Rate	Amount
1.	Adhunik Vanijya Pranali I	5	14/-	70.00
2.	" II	5	13/-	65.00
3.	Rishi Pranali Sanket Lipi	5	10/-	50.00
4.	Key "	2	5/-	10.00
5.	Algebra in Sec. schools	4	10/-	40.00
6.	Bharat ke Nirmata	10	12/-	120.00
7.	Prose	5	6/-	30.00
8.	Stories	5	7/-	35.00
				<u>420.00</u>
	Less Discount			20.00
	(Rs. Four hundred only)			<u>400.00</u>

E. & J.E.

Manager

Voucher No.25

Receipt

Mahesh Book Depot
Publishers & Book Sellers

No.634

Purani Mandi, Ajmer
March 23, 1995

Received with thanks from Book Store, Pushker B
Ajmer a sum of Rs. Three hundred only on account of Bi
No. 534 dated 13.3.1995 in part payment.

Rs. 300/-

For Mahesh Book Depot

Voucher No.2

Book Store
Stationers & Book Sellers
Cash Memo

No.2

Pushker Road, Ajmer
March 24, 1995

Milap & Sons, Ajmer

S.No.	Particulars	Cty.	Rate	
1.	Akhunik Vaniya Pranali I	6	14/-	8
2.	Bharat ke Mirmata	12	12/-	14
				22

(Received Rs. Two hundred twenty eight only)

E. C. J.E.

Manager

Voucher No.27

RECEIPT

Book Store

Stationers & Book Sellers

No. 1

Pushker Road, Ajmer

March 25, 1995

Received with thanks from Headmaster, Demonstration
 School, Ajmer a sum of Rs. Two hundred only on account
 of our Bill No. 1 dated 22.3.1995 by cheque -No. 507214
 dated 24.3.1995

Rs. 200/-

Manager

Note : Cheque was not deposited in the
 bank on the same day.

Voucher No.28

BOOK STORE

Stationers & Book Sellers

Pushker Road, Ajmer

March 28, 1995

Cash Payment Voucher

Amount Rs. 100/-

Nature of Expense : Unloading charges at Shop

Account Head : Carriage Account

Paid by : Cash

Signature of the Receiver

Voucher No. 9

Book Store
Stationers & Book Sellers

Pushker Road, Ajmer

March 31, 1995

Salary Bill For March, 1995

S.No.	Name	Amount	Signature
1.	P.S. Murlu, Manager & Salesman	500/-	Received Rs. 500/- Sd/

Proprietor

Voucher No. 30

RECEIPT

Received Rs. Two hundred as rent for March 1995
from Book Store, Pushker Road, Ajmer.

Rs. 200/-

Sd/. Lekhraj
31.3.95

Note: Valuation of stock on 31st March, 1995
At cost price Rs. 2500/-
At selling price Rs. 3000/-

SOLUTIONTransactions on the basis of the vouchers:

1995

- March 1 Started business with cash Rs. 10,000.00
- March 2 Purchased goods cash from
Dhan Raj Ehai ala Rs. 850.00
Trade Discount allowed Rs. 85.00
- March 2 Used Stationery for office use Rs. 60.00
- March 2 Purchased stationery worth
Rs. 31/- and office equipment
worth Rs. 26/- from Rajputana
Stationery Mart
- March 4 Paid postal charges Rs. 30.00
- March 4 Purchased goods from Central Board
of Secondary Education for 2160 at a
trade discount 15%, packing
and forwarding charges paid
by them Rs. 20/-
- March 5 Paid to Sharma Printers for printing Rs. 20/-
- March 6 Purchased goods for cash from
Jain Bros. for Rs. 95/- at a trade
discount of 20%.
- March 7 Paid to Prerna Patrika for
Advertisement Rs. 25/-
- March 8 Purchased Goods from Frank Bros. & Co.
for Rs. 615/- at 20% Trade Discount
- March 8 Sold goods to New light store, Ajmer Rs. 270/-
- March 10 Purchased goods from Arya Book Depot,
New Delhi for Rs. 1200/- at 10% Trade Discount
- March 12 Received cash from New Light Store, Ajmer
Rs. 250/- against our Bill No. 3 in full
payment.
- March 13 Purchased goods from Mahesh Book Depot, Ajmer
for Rs. 432 at 25% Trade Discount.
- March 14 Purchased from NCERT, New Delhi goods worth
Rs. 400/- at 25% Trade discount.
- March 14 Sold goods to Demonstration school, Ajmer
for Rs. 2310/- and allowed 10% Trade Discount.

- March 15 Sent money order to NCERT New Delhi for Rs.200/- and commission paid on it Rs.10/-
- March 16 Received part payment from Demonstration School, Ajmer Rs.1700/- against our bill No.2 of dated 14th March, 1995.
- March 16 Deposited in Bank Rs.2,000/-
- March 18 Paid to Central Board of Secondary Education through cheque Rs.1456.00
- March 19 Paid to Arya Book Depot, New Delhi Rs.1000/- against Bill No. 8360 dated 10/3/95 in full payment by cash.
- March 20 Sold goods to M/s. Roop Kamal Ganpat lal, Ajmer for Rs.609/- for cash and Trade Discount allowed Rs. 29/-
- March 21 Paid to Frank Bros. & Co. Delhi Rs.492/- in cash against bill No.385 dated 8th March, 1995 in full payment.
- March 22 Sold goods to Demonstration School worth Rs.420/- and Trade Discount allowed Rs.20/-
- March 23 Paid to Mahesh Book Depot Rs.300/- as part payment of Bill No.534 dated 13.3.1995.
- March 24 Sold Goods for cash to Milap & Sons, Ajmer worth Rs.228/-
- March 25 Received a cheque for Rs.200/- from Demonstration school on account of payment of our bill No.1 dated 22nd March, 1995.
- March 28 Paid carriage Rs.100/-
- March 31 Paid salaries Rs.500/-
- March 31 Paid Rent Rs.200/-

Note:

Valuation of stock on 31st March, 1995 at cost Rs.2500/- and at selling price is Rs.3000/-

Book Store
Journal

Date	Particulars	L.F.	Amount		Amount	
			Dr.	P	Cr.	P
1985 Mar 1	Cash A/c Dr. To Capital A/c (Started business)		10000.00		10000.00	
2	Purchases A/c Dr. To Cash A/c (Cash purchases from Lhan raj Bahi wala)		705.00		705.00	
2	Printing & Stationery A/c Dr. To Purchases A/c (Goods used as stationery)		60.00		60.00	
2	Printing & Stationery /c Dr. Office Equipment A/c Dr. To Rajputana Stationery Mast (stationery & office equipment purchased on credit)		31.00 26.00		57.00	
4	Postage A/c Dr. To Cash A/c (Postage paid)		30.00		30.00	
5	Purchases A/c Dr. To CLSB, Lelhi (Purchased goods as credit)		1856.00		1856.00	
5	Printing A/c Dr. To Cash A/c (Printing charges paid)		20.00		20.00	
6	Purchases A/c Dr. To Cash A/c (Purchased goods for cash)		76.00		76.00	
7	Advertisement A/c Dr. To Cash A/c (Paid advertisement charges)		25.00		25.00	
8	Purchases A/c Dr. To xxxxxx Frank Bros. (Purchased goods on credit)		492.00		492.00	
	Total C/f		13381.00		13381.00	
			=====		=====	

Date	Particulars	LF	Amount	Amount
			Dr. Rs. P	Cr. Rs. P
	Total B/F		13381.00	13381.00
	New Light Store Dr. To Sales A/c (Sold goods on credit)		270.00	270.00
10	Purchases A/c Dr. To Arya Book Depot (Purchased goods on credit)		1080.00	1080.00
12	Cash A/c Dr. Discount a/c Dr. To New Light Store (Received cash and discount allowed)		250.00 20.00	270.00
13	Purchases A/c Dr. To Mahesh Book Depot (Purchased goods on credit)		324.00	324.00
14	Purchases a/c Dr. To NCEHT, Delhi (Purchased goods on credit)		300.00	300.00
14	Demonstration school Dr. To Sales A/c (Sold goods on credit)		2079.00	2079.00
15	NCEHT Delhi A/c Dr. Commission A/c Dr. To Cash A/c (Payment made to money order and expenses paid)		200.00 10.00	210.00
16	Cash (cheque) A/c Dr. To Lemons. School (Received cheque)		1700.00	1700.00
18	Bank A/c Dr. To Cash a/c (Deposited in Bank)		2000.00	2000.00
18	CBSE Delhi A/c Dr. To Bank (Paid to CBSE to cheque)		1450.00	1450.00
19	Arya Book Depot Dr. To Cash a/c To Lis. a/c (Paid to Arya book depot & Discount received)		1080.00	1000.00 80.00
	Total C/F		24150.00	24150.00

Date	Particulars	IF	Amount Lr.	Amount Cr.
	B/F		24150.00	24150.00
20	Cash a/c Lr. To Sales a/c (Being cash sales)		580.00	580.00
21	Frank Bros. Lr. To Cash a/c (Paid cash)		492.00	492.00
22.	Demonstration school Dr. To Sales A/c (Sold goods on credit)		400.00	400.00
23.	Mahesh Book Depot Lr. To Cash A/c (Paid cash)		300.00	300.00
24	Cash a/c Lr. To Sales A/c (Being cash sales)		228.00	228.00
25.	Cash (cheque) A/c Dr. To Demonstration school (Being cheque received)		200.00	200.00
28	Carriage A/c Lr. To Cash a/c (Paid carriage)		100.00	100.00
31	Salary A/c Lr. Rent A/c Lr. To Cash A/c (Salary & Rent paid)		500.00 200.00	700.00
	G.Total		27150.00	27150.00

LEDGER
Bank Account

Dr.						Cr.
Date	Particulars	JF	Amount	Date	Particular	JF Amount
1995						
March						
16	To cash A/c		2000	18	By CBSEA/c	1456.00

Dr.						Cr.
				1995		
				Mar 1	By Cash A/c	10000.00

Dr.						Cr.
1995						
Mar. 2	To Cash A/c		765	2	By Stationery A/c	60.00
Mar. 4	To CBSE		185 6			
Mar. 6	To Cash A/c		76			
Mar. 8	To Frank Bros.		492			
Mar. 10	To Arya Book Depot		1080			
Mar. 13	To Mahesh Book D.		324			
Mar. 14	To NCERT		300			

Lr.						Cr.
1995				1995		
Mar. 1	To Capital A/c		10000.	2	By Purchase a/c	765
1	To New light A/c		250	4	By Postage a/c	30
16	To Lh. School		1700	5	By Printing & Stat.	20
20	To Sales A/c		580	6	By Purchases A/c	76
24	To Sales A/c		228	7	By Govt. A/c	25
25	To Lh. School		200	15	By NCERT	200
				15	By Commission A/c	10
				16	By Bank A/c	2000
				19	By Arya Book Depot	1000
				21	By Frank Bros.	492
				25	By Mahesh Book Depot	300
				26	By Carriage A/c	100
				31	By Salary A/c	500
				"	By Rent A/c	200

Lr.						Cr.
Mar 2	To Rajputana		20			

Print'ng & Stat'onery Account

Dr.			Cr.		
Date	Part'culars	JF Amount	Date	Part'culars	JF Amount
1995					
Mar.2	To Purchases a/c	60			
Mar.2	To Rajputana Stat.	31			
Mar.5	To Cash A/c	20			

Office Equipment Account

Dr.			Cr.		
Mar.2	To Rajputana	26			
	Stationery Mart				

Rajputana Stationery Mart

Dr.			Cr.		
			1995		
			Mar.2	By Stat'onery	31
			" 2	By U.Equipment	26

Postage Account

Dr.			Cr.		
1995					
Mar.4	To Cash A/c	30			

Comm'ss'on Account

Dr.			Cr.		
1995	To Cash A/c	10			
Mar.15					

C.B.E.E.

Dr.			Cr.		
1995			1995		
Mar.18	To Bank A/c	1456	Mar.4	By Purchases A/c	1456

Advertisement A/c

Dr.			Cr.		
1995					
Mar.7	To Cash A/c	25			

Frank Bros.

Dr.			Cr.		
1995			1995		
21	To Cash A/c	492	3	By Purchases A/c	492

New Light Stores

Dr.				Cr.			
Date	Particulars	JF Amount	Date	Particulars	JF Amount		
1995			1995				
Mar8	To Sales A/c	270	Mar12	By Cash a/c	250		
			Mar12	By D'sc. A/c	20		

Dr.				Cr.			
	Sales A/c						
			1995				
			Mar8	By New Light.	270		
			Mar14	By Demons. school	2079		
			Mar20	By Cash A/c	580		
			Mar22	By Demons. school	400		
			Mar24	By Cash A/c	228		

Dr.				Cr.			
	Arya Book Depot						
1995			1995				
Mar19	To Cash A/c	1000	Mar10	By Purchases A/c	1080		
	To D'scount A/c	80					

Dr.				Cr.			
	D'scount A/c						
1995			1995				
Mar12	To New Light House	20	Mar19	By Arya Book Depot	80		

Dr.				Cr.			
	Mahesh Book De-ot						
1995			1995				
Mar13	To Cash A/c	300	Mar13	By Purchases A/c	324.00		

Dr.				Cr.			
	NCERT, New Delhi						
1995			1995				
Mar15	To Cash A/c	200	Mar14	By Purchases A/c	300.00		

Dr.				Cr.			
	Demonstration School						
1995			1995				
Mar14	To Sales A/c	2079	Mar16	By Cash A/c	1700.00		
Mar22	To Sales A/c	400	Mar25	By Cash A/c	200.00		

Dr.				Cr.			
	Carriage A/c						
1995							
Mar20	To Cash A/c	100					

Dr.				Cr.			
	Salary Account						
1995							
Mar31	To Cash A/c	500					

Dr.				Cr.			
	Rent Account						
1995							
Mar31	To Cash A/c	200					

Trial balance (balance Method)
as on 31st March, 1995

S.No.	Name of ledger account	LF	Amount	
			Debit	Credit
1.	Bank Account		544	-
2.	Capital Account		-	10000
3.	Purchases Account		4833	
4.	Cash A/c		7240	
5.	Printing & Stationery A/c		111	
6.	Office expense A/c		20	
7.	Postage expenses A/c		30	
8.	Commission A/c		10	
9.	Advertisement A/c		25	
10.	Sales A/c		--	3557
11.	Discount A/c		--	00
12.	Carriage A/c		100	
13.	Salary A/c		500	
14.	Rent A/c		200	
15.	S. Debtors		579	
16.	S. Creditors		--	581
	Total		14198	14198

Note: Closing Stock at cost Rs. 2500/-

List of Debtors

	<u>Dr. Total</u>	<u>Cr. Total</u>	<u>bal.</u>
1. Demonstration School	2479	1900	579

List of Creditors

1. CBSE Delhi	1456	1856	400
2. Mahesh Depot	300	324	24
3. NCEAT, Delhi	200	300	100
4. Rajputana Stationery mart	--	57	57
	<u>1956</u>	<u>2527</u>	<u>581</u>

In the Books of Book Store, Ajmer
Trading Account
For the year ended on 31st March, 1995

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To Purchases	4833	By Sales A/c	3557
To Carriage A/c	100	By Closing stock	2500
To Gross profit t/f to P&L A/c	1124		
Total:	6157	Total:	6157
	----		----

Profit & Loss A/c
For the year ending on 31st March, 1995

To Printing & Stationery	111	By Gross Profit	1124
To Postage A/c	30	By Discount A/c	60
To Commission A/c	10		
To Advertisement A/c	25		
To Salary A/c	500		
To Rent A/c	200		
To Net profit t/f to Capital A/c	308		
Total :	1184	Total:	1184
	----		----

Balance Sheet
As on 31st March, 1995

Liabilities	Amount	Assets	Amount
Creditors	581	Cash in hand	7240
Capital A/c 10000		Cash at Bank	544
+ Net profit <u>308</u>	10308	S. Debtors	579
		Office equipment	26
		Closing stock	2500
Total	10889	Total	10889
	----		----

PRACTICE SET 2

Banking Transactions

Guidelines for teachers

1. The teacher should explain the need and utility of documents contained in the Practice Set thereby motivating students to learn the basic ideas and also the practical aspects of Banking Transactions.
2. The teacher should explain different types of accounts which can be opened in a Bank and the procedure to operate them.
3. The teacher should explain different documents and forms such as cheque, Bank Draft, Pay-in-slip, withdrawal form, Pass Book etc. and their use in Banking transactions.
4. The teacher should demonstrate the procedure of preparing journal with the help of various documents.
5. The teacher should develop the skill in preparing Journal from the vouchers.

Hints for Students

1. There are 23 vouchers in this practice set, count them.
2. Try to know the nature of the transaction on the basis of the vouchers contained in the practice set.
3. Try to pass Journal entries from the vouchers.
4. After completion check your solution with the solution provided at the end of the Practice Set. In case of difficulty consult your teacher.

THE PROBLEM

Enclosed herewith are twenty three vouchers for the month of March, 1995 of M/S Jain Pustak Bhandar. Pass necessary Journal entries on the basis of these vouchers in the Books of M/S Jain Book Store.

Voucher 1

Current Account Pay-in-slip

State Bank of Bikaner & Jaipur

New A/C No. 532

Kapasan Branch

Date : 1.3.95

For the Credit of Jain Pustak Bhandar

Details of Cash/Cheques

Amount
Rs. P.

80 X 100

8,000.00

Rs. in Words Eight thousand only

Cashier/Cash Officer/Passing Officer

Rs. 8,000.00

Voucher 2

Cash Memo

R.S.T. No. 6/68-69

Ph. 27820

C.S.T. No. 5/68-69

Rajasthan Pustak Bhandar
Bhilwara.

No. 828

Date : March 2, 1995

M/S Jain Pustak Banadar, Kapasan

S.No.	Particulars	Qty.	Rate	Amount	
				Rs.	P
1.	Cost Accounting	20	85/-	1700.00	
2.	Principles of Economics Class XII	20	15/-	300.00	
3.	Book-keeping XII	20	100/-	2000.00	
4.	Accountancy for Class XI	20	100/-	2000.00	
				6000.00	

Received Amount by cheque No. 177061

E & O E

Manager

Counterfoil

Voucher 3State Bank of Bikaner & Jaipur

No. 177061

Date : 2.3.1995

In favour of _____ Rajasthan Pushtak Bhendar, Bhilwara

Previous
BalanceDeposits
+ only

Total

Less this
cheque

6,000.00

Signature

Voucher 4

Credit Memo

R.S.T. No. 70/80-81

Ph. 3027

C.S.T. No. 85/80-81

Jain Pushtak Bhander
Kapasan

No. 353

Date : 5.3.95

M/S Dhan Raj, Chopal Nagar

S.No.	Particulars	Qty.	Amount	
			Rs.	P
1.	Principles of Costing	35	120/-	4200.00
2.	Advanced Accountancy	20	200/-	4000.00
				8200.00
	Less Discount 5%			410.00
	Total			7790.00

E & O E

Manager

Voucher 5

Current Account Pay-in-slip

State Bank of Bikaner & Jaipur
Kapasan Branch

A/C No. 532

Date : 8.3.95

For the credit of Jan Pushtak Bhander

Details of Cash/Cheque	Amount	
	Rs.	P
10 X 100	1000.00	

Rs. in words One thousand only

Cashier/Cash Officer/Passing Officer Rs. 1000.00

Voucher 6

Cash Memo

R.S.T. No. 70/80-81

Ph. 3027

C.S.T. No. 85/80-81

Jain Pushtak Bhandar
Kapasan

Date : 12.3.95

M/S Bhagwati Copies Factory, Fateh Nagar

S.No.	Particulars	Qty.	Amount	
			Rs.	P
1.	Advanced Accountancy	100	80/-	8000.00
2.	Book-keeping	10	35	350.00
3.	Principles of Economics	50	50	2500.00
				10850.00
	Less Trade Discount 10%			1085.00
				9765.00
	Add. Packing Charges			35.00
				9800.00

Amount received by cheque No. 177062

E & E O

Manager

Current Account

Pay-in-slip

Voucher No. 7State Bank of Gikaner & Jaipur
Kapasan Branch

A/C No. 532

Date : 12.3.95

For the credit of Jain Pushtak Bhandar

Details of Cash/Cheque	Amount	
	Rs.	P
Bhagwati Copies Factory Fateh Nagar	9,800.00	
Cheque No. 177062		

Rs. in words Nine thousand eight hundred only

Cashier/Cash Officer/Passing Officer

9,800.00

Voucher No. 8JAIN PUSHTAK BHANDAR, KAPASANRECEIPT

No. 604

Dated 13th March, 1995

Received with thanks from Shri Hari Mohan a
sum of Rs.800/- (Rupees Eight hundred only) vide cheque
No. 035432

Account No. 138

Signature

Voucher No. 9

Current Account Pay-in-slip

State Bank of Bikaner & Jaipur

A/C No. 532

Kapasana

Branch

Dated 14th March, 95

For the credit to Jain Pushtak Bhandar

Details of Cash/Cheque

Amount	
Rs.	P

Hari Mohan

800.00

Cheque No. 035432

Rs. In words Eight Hundred only

Cashier/Cash Officer/Passing Officer Rs. 800.00

Voucher No. 10

Cash Memo

R.S.T.No. 19/70-71

Ph. 82685

C.S.T.No. 111/70-71

Mahesh Bros., Ajmer.

No. 859

Date : 15.3.95

M/S Jain Pushtak Bhandar, Kapasan

S.No.	Particulars	Qty.	Rate	Amount Rs. P
1.	Financial Accounting	35	130/-	4550.00
2.	Auditing	20	50/-	1000.00
3.	Income Tax Law	100	30/-	3000.00
				<u>8550.00</u>

Rs. Eight thousand five hundred & Fifty only.

Amount received by cheque No. 177062

Total	<u>8550.00</u>
Less cheque	8505.00
Less Discount	<u>45.00</u>
	nil

E. & O.E.

Manager

CounterfoilVoucher No. 11

State Bank of Bikaner & Jaipur

No. 177062

Date : 15.3.1995

In favour of Mahesh Bros., Ajmer.

Previous Balance

Deposits if any

Total

Less Cheque

8,505.00

Balance

Voucher No. 12JAIN PUSHTAK BHANDAR, KAPASANRECEIPT

No. 614

Date : 18th Marchm 1995

Received with thanks in cash from Shri Shan Raj,
 Lhopal - Sagar a sum of Rs.5,000/- (Rupres five thousand only)

Account No. 249

Signature

Voucher No. 13KAMAL KISHORERECEIPT

No. 438

Date : 22nd March, 1995

Received with thanks from M/S Jain Pushtak Bhandar,
 Kapasan a sum of Rs.800/- (Rupees eight hundred only) by
 cheque No. 177063 against rent.

Account No. 515

signature

CounterfoilVoucher No. 14

State Bank of Bikaner & Jaipur

No. 177063

Date : 22.3.95

In favour of Kamal Kishore

PRevious Balance

Deposits if any

Total

Less this cheque

800.00

Balance

CounterfoilVoucher No. 15

State Bank of Bikaner & Jaipur

No. 177064

Date : 23.3.95

In favour of self - Jain Pustak Bhandar

Previous Balance

Deposits if any

Total

Less this cheque . 2,000.00

Balance

Voucher No. 16

State Bank of Bikaner & Jaipur

No. 177065

Date : 25.3.95

In favour of Self - Jain Pushtak Bhandar

Previous Balance

Deposits if any

Less this cheque 5,000.00

Balance

Voucher No. 17

Fixed Deposit Pay-in-slip

State Bank of Bikaner & Jaipur

A/C No. 532

Kapasan Branch

Date : 25.3.95

For the credit of Jain Pushtak Bhandar

Details of Cash/ChequeAmount
Rs. P

Cheque No. 177065 for depositing money
in fixed deposit A/C

5000.00

Rs. in words . Five thousand only

Cashier/Cash Officer/Passing Officer Rs. 5000.00

Voucher No. 18

Cash Memo

I.S.T. No. 70/80-81

Ph. 3027

I.S.T. No. 85/80-81

Jain Pushtak Bhander, Kapasan

No. 325

Date : 30.3.95

M/S Pradeep Pushtak Bhander, Rashmi

S.No.	Particulars	Qty.	Rate	Amount Rs. P
1.	Financial Accounting	20	130/-	2600.00
2.	Auditing	5	50/-	250.00
3.	Income Tax Law	30	30/=	900.00
				3750.00
	Add Packing charges			50.00
				3800.00

Rs. Three thousand eight hundred only.

Amount received by cheque No. 008651

E. & J.E.

Manager

Current Account pay-in-slip

Voucher No. 19

Date: 30.3.95

State Bank of Bikaner & Jaipur

A/C No. 532

Kapasana Branch

For the credit of Jain Pushtak Bhander, Kapasan

Details of Cash/Cheque

Amount
Rs. P

Cheque No. 008651 received from

M/S Pradeep Pushtak, Bhander

3800.00

Rs. in words Three thousand eight hundred only

Cashier/Cash Officer/Passing Officer

Rs. 3800.00

Voucher No. 20

State Bank of Bikaner & Jaipur

No. 177066

Date : 30.3.95

In favour of self For Bank draft to be sent ^{to} Prakash, Jaipur

Previous Balance

Deposits if any

Total

Less this cheque 5,020.00

Balance

Voucher No. 21

State Bank of Bikaner & Jaipur

Draft/MT/SC/Application

30.3.95

Name of Applicant Jain Pushtak Uhandar

Amount (in words) Five thousand and twenty only

Rs. P

Dft/MT/BC Amount 5,000.00

Exchange 20.00

Total Cheque No. 177066 5,020.00

Cashier Cash Officer/Passing Off

Note - Paid to Prakash, Jaipur

Voucher No. 22Current Account Statement from the Bank

Date	Particulars	Amount withdrawn		Amount deposited		Balance		sig.
		Rs.	P	Rs.	P	Rs.	P	
March, 1	By Cash			8000.00		8000.00		Cr
March, 3	To Cheque	6000.00				2000.00		Cr
March, 8	By Cash			1000.00		3000.00		Cr
March, 12	By Cheque			9800.00		12800.00		Cr
March, 14	By Cheque			900.00		13600.00		Cr
March, 1	To Cheque	8505.00				5095.00		Cr
March, 22	To Cheque	800.00				4295.00		Cr
March, 23	To Cheque	2000.00				2295.00		Cr
March, 25	To Cheque	5000.00				2705.00		Dr
March, 30	By Cheque			3800.00		1095.00		Cr
March, 30	To Cheque	5020.00				3925.00		Dr
March, 31	By Interest			30.00		3895.00		Dr
March, 31	To Interest	15.00				3910.00		Dr

SolutionTransaction on the basis of vouchers

The following will be the transaction for the month of March, 1995.

1995

March, 1	Opened current account by depositing Rs.8000.00 in the Bank
March, 2	Purchased goods from Rajasthan Pushtak Bhandar and paid by cheque Rs. 6000.00
March, 5	Sold goods to Dhan Raj Rs. 7790.00
March, 8	Deposited in the Bank Rs.1000/-
March, 12	Sold Goods and received cheque Rs. 9800.00 which was deposited in the bank on the same day.
March, 13	Received cheque from Hari Mohan Rs.800.00
March, 14	Hari Mohan's cheque deposited in the Bank Rs.800
March, 15	Purchased goods for Rs.8550.00 and paid by cheque Rs.8505.00
March, 18	Cash received from Dhan Raj Rs.5,000.00
March, 22	Paid rent to Kamal Kishore by cheque Rs.800/-
March, 23	Withdraw cash from Bank Rs.2000/-
March, 25	Withdraw cash from Bank and deposited in fixed deposit account Rs.5000/-
March, 30	Sold goods and received cheque Rs.3800/- and deposited into Bank.
March, 30	Paid to Prakash by Bank Draft Rs.5000/-
March, 31	Commission charged by the Bank on it Rs.20/- Interest received from Bank Rs.30/-
March, 31	Interest deducted by Bank on overdraft Rs.15/-

Jain Pustak Bhander
Journal

Date	Particulars	L.F.	Amount	
			Dr.	Cr.
1995 March 1	Bank A/C Cr To Cash A/c (Deposited into Bank & opened a current account in S.B.B.J)		8000.00	8000.00
" 2	Purchases A/C Cr To Bank (Purchases goods from Rajasthan Pustak Bhander & Paid by cheque)		6000.00	6000.00
" 5	Dhan Raj Dr To Sales A/C (Sold goods to Dhan Raj)		7790.00	7790.00
" 8	Bank A/c Dr To Cash A/c (Deposited into Bank)		1000.00	1000.00
" 12	Bank A/c Dr To Sales A/c (Goods sold & received cheque and deposited into Bank)		9800.00	9800.00
" 13	Cash A/C Dr To Hari Mohan (Received cheque from Hari Mohan)		800.00	800.00
" 14	Bank A/c Cr To Cash A/c (Hari Mohan's cheque deposited in the Bank)		800.00	800.00
15	Purchases A/C Dr To Bank A/c To Discount A/c (Purchases goods & paid by cheque)		8550.00	8505.00 45.00
18	Cash A/c Dr To Dhan Raj (Received cash from Dhan Raj)		5000.00	5000.00
	Total C/F		47740.00	4740.00

		Total B/F	47740.00	47740.00
March	22	Rent A/c Dr. To Bank A/c (Paid rent by cheque to Kamla Kishore)	800.00	800.00
"	23	Cash A/c Dr. To Bank A/c (withdraw from Bank)	2000.00	2000.00
"	25	Fixed Deposit A/c Dr. To Bank A/c (Withdrawn from Bank & opened a fixed deposits)	5000.00	5000.00
"	30	Bank A/c Lr. To Sales A/c (Sold goods & received cheque & sent it into Bank)	3800.00	3800.00
"	30	Prakash Lr. Commission A/c Lr. To Bank A/c (Paid to Prakash by bank Draft,	5000.00 20.00	5020.00
"	31	Bank A/c Dr. To Interest A/c (Interest deposited by Bank)	30.00	30.00
"	31	Interest A/c Lr. To Bank A/c (Interest debit by Bank on Bank overdraft)	15.00	15.00
		Total	64405.00 =====	64405.00 =====

PRACTICE SET .3

CASH BOOK

This set is divided into two sub-sets namely -

- Cash Book (Single, Double & Three column)
- Petty Cash Book

CASH BOOK (SINGLE, DOUBLE & THREE COLUMN)

Guidelines for teachers

1. The teacher should explain the need and utility of documents contained in the Practice Set thereby motivating students to learn the basic ideas and also the practical aspects of cash book.
2. The teacher should explain different types of cash book i.e. Single, Double column and Three Column and the procedure to make entries in these books.
3. The teacher should explain different documents and forms such as cheque, counter-foil (cheque), Bank Draft, Deposit Receipt, Pay-in-slip, withdrawal form, Pass Book etc and their use in cash book.
4. The teacher should demonstrate the procedure of preparing Simple, Double Column and Three Column Cash Book with the help of various documents.
5. The Teacher should develop the skill in preparing Cash Book with the help of the Practice Set.
6. The teacher should explain the concept of trade discount, cash discount, contra entry etc. and their treatment in Cash Book.

Hints for students

- 1 There are 15 vouchers in this Practice Set,
 count them.
- 2 Try to know the nature of the transaction on
 the basis of the vouchers contained in the
 Practice Set.
- 3 Try to prepare simple, two column and Three
 Column Cash book with the help of these
 vouchers and balance it.
4. After completion check your solution with the
 solution provided at the end of the Practice Set.
 In case of difficulty consult your teacher.

Problem

Enclosed herewith the fifteen vouchers for the month of January, 1996 of M/s Hari Ram Shri Ram of Ajmer. Prepare simple, Two column/²three column Cash Book with the help of the vouchers given in the Practice set.

No.3571

Voucher-1

45

The Bank of Rajasthan Ltd.
Ajmer.

A/c No.	123
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Date 1st Jan., 1996

Pay to M/S Hari Ram Shri Ram Or Order
Rupees Twenty thousand only.

20,000/-

Sd/-

Hari Ram

Pay in Slip

Voucher 2

The Bank of Rajasthan Ltd., Ajmer
Current Account

A/c No.3978

Date:2nd Jan., 1996

For the credit of M/s Hari Ram Shri Ram

Details of cash/cheque	Amount	
	Rs.	P.
100x50	5000.00	
50x200	10000.00	
Total.	15000.00	

Fifteen thousand only

Cashier/Cash officer/Passing officer

Voucher-3

46

Cash Memo

M/S Ram Lal Shyam Lal

No.13

Bharatpur

Dated 3.1.96

M/S Hari Ram Shri Ram

S.No.	Particulars	Qty.	Rate	Amount
1	Sarees	10	200/-	2000/-
2	Shuitings	10		
		metre	100/-	1000/-
				3000/-
	Less cash Discount			30/-
	1 %			2970/-
Received Rs. Two thousand nine hundred Seventy only				

Signature

Voucher-4RECEIPT

M/S HARI RAM SHRI RAM

AJMER

No.32

Date 3.1.96

Received from M/S Sh. Sohan Lal a sum of Rupees Five thousand
only as advance.

SIGNATURE

Rs. 5000/-

Voucher-5

Counter foil

No.502

Date 4.1.96

In favour of Self

	Rs.	p.
Previous Balance		
Deposits if any		
Total		
Less this cheque	10,000	00
Balance		

Signature

Voucher-6

HARI RAM SHRI RAM

CASH PAYMENT VOUCHER

Date. 5.1.96

Amount Rs.	20/-
Nature of expense:	Tonga charges
Account Head:	Sundry Expenses
Paid by:	Cash

SIGNATURE

Voucher-7

Counter foil

No.504

Date 7.1.96

In favour of M/S Ram Lal Shyam Lal

	Rs.	P
Previous Balance		
Deposits if any		
Total		
Less this cheque	1,000	00
Balance		

SIGNATURE

Voucher-8

HARI RAM SHRI RAM

CASH PAYMENT VOUCHER

Date: 10.1.96

Amount Rs.	100/-
Nature of expense	Wages
Account Head	Wages A/C
Paid by	Cash

SIGNATURE

Voucher-9

49

CASH MEMO

M/S Hari Ram Shri Ram, Ajmer

No. 1030

Ajmer

Date 16.1.96

M/S Prakash & Sons

S.No.	Particulars	Qunty.	Rate	Amount
1.	Sarees	10	300/-	3000/-
2.	Shirtings	10	150/-	1500/-
	Less cash discount 1%			4500/- 45/-
				4455/-

Received Rs. Four thousand four hundred fifty five only

E. & O.E.

SINGNATURE

Voucher-10

RECEIPT

Sohan Lal

Date 20.1.96

No. 3335

Received with thanks from M/S Hari Ram Shri Ram
a sum of Rupees Five thousand only as advance.

SIGNATURE

Rs. 5000/-

RECEIPT

Voucher -11
(Office copy)

50

M/S Hari Ram Shri Ram
Ajmer

No.33

Date 22.1.96

Received from Dinesh Kumar a sum of
Rupees Two thousand Five hundred only

Rs.2500/-

Hari Ram
Proprietor

Voucher-12

Hari Ram Shri Ram
CASH PAYMENT VOUCHER

Date 25.1.96

Amount Rs. 400/-
Nature of expense Stationery
Account Head Stationery
A/C
Paid by Cheque No.505

SIGNATURE

Voucher-13

& Co.

The Bank of Mahalaxmi Ltd, Ajmer.
No.1357 Date 27.1.96
Pay to M/S Hari Ram Shri Ram or order
a sum of One thousand only. A/c No.5638

Rs.1000/-

PANNA LAL

Voucher 14Pay in slip

The Bank of Rajasthan Ltd., Ajmer
Current Account

A/c No.3978

Dated: 28th Jan.,1995

For the credit of the M/s Hari Ram Shri Ram

Details of cash/cheque		Amount	
		Rs.	P.
Cheque drawn on Mahalaxmi Bank Ltd.			
Ajmer cheque No.01357			<u>1000.00</u>
Rs. One xxxxx thousand only	Total		<u>1000.00</u>
Cashier/Cash office/Passing officer			

Voucher-15

Hari Ram Shri Ram
CASH PAYMENT VOUCHER

Date: 31.1.96

Amount Rs.	500/-
Nature of expense:	Rent
Account Head:	Rent Account
Paid by:	Cash

SIGNATURE

1996

- Jan. 1 Started business with cash of Rs.20,000/-
Jan. 2 Deposited into bank of Rs. 15,000/-
Jan. 3 Purchased goods from Ram Lal Shyam Lal and
paid cash 2970/- only, discount allowed by him Rs.30/-
Jan. 3 Received from Sohan Lal Rs.5000/- as advance.
Jan. 4 Withdraw from bank for Office use Rs.10,000/-
Jan. 5 Paid Sundry Expenses Rs.20/- in cash.
Jan. 7 Paid Ram Lal Shyam Lal by cheque in part payment
Rs.1000/-
Jan. 10 Paid wages Rs.100/-
Jan. 16 Sold goods to Prakash & Sons Rs.4500/- and allowed
discount Rs.45/- for cash payment.
Jan. 20 Repaid to Sohanlal using advance Rs.2000/-
Jan. 22 Received from Dinesh Kumar Rs.2500/-
Jan. 25 Paid for Stationary Rs.400/- by cheque
Jan. 27 Received cheque from Panna Lal Rs.1000/-
Jan. 28 Panna Lal's cheque deposited in to bank.
Jan. 31 Paid Rent Rs.500/-

SOLUTION

SIMPLE CASH BOOK

M/S HARI RAM SHRI RAM OF AJMER

Dr.				Cr.			
Date	Particulars	LF	Amount	Date	Particulars	LF	Amount
1996				1996			
Jan.1	To Capital a/c		20000	Jan.2	By Bank		15000
Jan.3	To Sohanlal		5000	Jan.3	By Purchases		2970
Jan.4	To Bank		10000	Jan.5	By S.Expenses		20
Jan.16	To Sales		4455	Jan.10	By Wages		100
Jan.22	To Dinesh Kr.		2500	Jan.20	By Sohanlal		5000
Jan.27	To Pannalal (Cheque)		1000	Jan.28	By Bank		1000
				Jan.31	By Rent		500
				Jan.31	By Bal.C/d		18365
	Total		<u>42955</u>		Total		<u>42955</u>
1996							
Feb.1	To Bal.b/d		18365				

TWO COLUMN CASH BOOK OF M/s HARI RAM, SHRI RAM

Dr.

Cr.

Date	Particulars	LF	<u>Amount</u>		Date	Particulars	LF	<u>Amount</u>	
			Dis.	Cash				Dis.	Cash
1996					1996				
Jan.1	Capital A/c		20000		Jan.2	By Bank		15000	
Jan.3	To Sohanlal		5000		Jan.3	By Purchases	30	2970	
Jan.4	To Bank		10000		Jan.5	By S.Exp.		20	
Jan.16	To Sales	45	4455		Jan.10	By wages		100	
Jan.22	To Dinesh Kr.		2500		Jan.20	By Sohanlal		5000	
Jan.27	To Pannalal		1000		Jan.28	By Bank		1000	
	(Cheque)				Jan.31	By kent		500	
					Jan.31	By Bal.c/d		18365	
	Total		<u>45</u>	<u>42955</u>		Total		<u>30</u>	<u>42955</u>
1996									
Feb.1	To Bal.B/d		18365						

SOLUTION
M/s Hari Ram Shri Ram's Book
Three Column Cash Book

Three Column Cash Book

Cr.

Dr		Cr.							
Date	Particulars	LF	Amount		Date	Particulars	LF	Amount	
			Dis.	Cash				Bank	Disc.
1996					1996				
1 Jan.	To Capital A/c			20000	2 Jan.	By Bank A/c	(C)	15000	
2 Jan.	To Cash A/c	(C)		-	3 Jan.	By Purchases A/c		30	2970
Jan. 3	To Sohanlal's A/c			5000	Jan. 4	By Cash A/c	(C)		10000
Jan. 4	To Bank A/c	(C)		10000	Jan. 5	By Sundry exp. A/c		20	
Jan. 16	To Sales A/c		45	4455	Jan. 7	By Ramlal Shyamals' A/c			1000
Jan. 22	To Dinesh Kumar			2500	Jan. 10	By Wages A/c		100	
Jan. 27	To Pannlal's A/c			1000	Jan. 20	By Sohanlal		5000	
Jan. 28	To Cash A/c	(C)			Jan. 25	By Stationery A/c		-	400
					Jan. 28	By Bank A/c	(C)	1000	
					Jan. 31	By Rent A/c		500	
					Jan. 31	By Balance C/D		18365	4600
	Total		45	42955		Total		30	42955
Feb. 1	To Balance b/d			18365					16,000
				4600					

PETTY CASH BOOK

Guidelines for teachers -

- i) The teacher should explain the need and utility of documents contained in the Practice Set thereby motivating students to learn the basic ideas and also the practical aspects of Petty Cash Book.
- ii) The teacher should explain the use of Petty Cash Book and the procedure to make entries in this Book.
- iii) The teacher should demonstrate the procedure of preparing Petty Cash Book within the help of vouchers.
- iv) The teacher should develop the skill in preparing Petty Cash Book with the help of Practice Set.

Hints for students

1. There are eleven vouchers in this Practice Set, count them.
2. Try to know the nature of the transaction on the basis of the vouchers contained in the Practice Set.
3. Try to prepare Petty Cash Book with the help of these vouchers and balance it.
4. After completion, check your solution with the solution provided at the end of the Practice Set. In case of difficulty consult your Teacher.

PROBLEM

Enclosed herewith are eleven vouchers for the month January, 1996 of M/s Ram Lal & Sons, Ajmer. Prepare Petty Cash Book with the help of the vouchers given in the Practice Set.

RECEIPTVoucher No.1

Jan.1,1996

Received from the Head Cashier Rs.500/-
(Rs. Five Hundred only) as imprest money.

Petty Cashier

Voucher No.2Cash Payment Voucher

Date: 2.1.96

Amount Rs. 150/-

Nature of Expenses : Stationery

Account Head : Stationery & Printing

Paid by : Cash

Signature

Voucher No.3Cash Payment Voucher

Date: 3.1.96

Amount Rs. 60/-

Nature of expenses : Postage

Account Head : Postage

Paid by : Cash

Signature

Voucher No.4Cash Payment Voucher

Date: 5.1.96

Amount Rs. 20/-
Nature of Expenses : Wages
Account Head : Wages
Paid by : Cash

Signature

Voucher No.5Cash Payment Voucher

Date: 8.1.96

Amount Rs. 20/-
Nature of expenses: Freight
Account Head : Freight & Cartage
Paid by : Cash

Signature

Voucher No.6Cash payment Voucher

Date: 10.1.96

Amount Rs. 170/-
Nature of expenses: Printing charges
Account Head : Stationery & Printing
Paid by Cash

Signature

Voucher No.7Cash Payment Vouchers

Date: 15.1.96

Amount Rs. 30/-
Nature of expenses: Riksha charges
Account Head Misc.expenses
Paid by Cash

Signature

Voucher No.8Cash Payment Voucher

Date: 20.1.96

Amount Rs. 6/-
Nature of expenses Telegram
Account Head : Postage
Paid by Cash

Signature

Voucher No.9Cash Payment Voucher

Date: 25.1.96

Amount Rs. 30/-
Nature of expenses: Tonga charges
Account Head : Freight & cartage
Paid by Cash

Signature

Voucher No.10Cash Payment Voucher

Date: 31.1.96

Amount Rs. 20/-
 Nature of expenses : Soap expenses
 Account Head : Misc. expenses
 Paid by : Cash

Signature

Voucher No.11Cash Payment Voucher

Date: 31.1.96

Amount Rs. 60/-
 Nature of expenses : Refreshment
 Account Head : Refreshment expenses
 Paid by : Cash

Signature

Transaction on the basis of the vouchers:

Received from head cashier on 1st Jan., 1996 Rs.500/-

1996 Jan.2	Purchased stationery	Rs. 150/-
Jan.3	Paid for postage	Rs. 60/-
Jan.5	Paid for wages	Rs. 20/-
Jan.8	Paid for Freight	Rs. 20/-
Jan.10	Paid for printing charges	Rs. 70/-
Jan.15	Paid for Riksha charges	Rs. 30/-
Jan.20	Paid for Telegram	Rs. 6/-
Jan.25	Paid for Tonga charges	Rs. 30/-
Jan.31	Purchased soap	Rs. 20/-
Jan.31	Paid for refreshment	Rs. 60/-

In the Books of M/s Ram Lal & Sons
Petty Cash Book

Solution

In the Books of M/S Nam ... Petty Cash Book											
Solution											
Receipts	CB F.	Date	Particulars	V.No.	Total Paym- ents	Printing & Stationery	Postage & Telegram	Wages	Freight & Cart age	Refreshment	Misc
500/-		1996 Jan.1 Jan.2 Jan.3 Jan.5 Jan.8 Jan.10 Jan.15 Jan.20 Jan.25 Jan.30 Jan.31	To Cash By Stationery By Postage By Wages By Freight By Printing charges By Misc. (Riksha) By Telegram By Tonga charges By Soap exp. By Refreshment		150/- 60/- 20/- 20/- 70/- 30/- 6/- 30/- 20/- 60/- 466/- 34/- 500/-	150/- 60/- 70/- 220/-	60/- 6/- 66/-	20/- 20/- 50/- 20/-	60/- 60/- 60/-	30/ 30/ 50/	
500/-		1996 Feb.1 Feb.1	To Balance C/d TOTAL To Balance b/d To Cash								
34/- 466/-											

PRACTICE SET 4

SUBSIDIARY BOOKS

Guidelines for teachers

1. The teacher should explain the need and utility of documents contained in the Practice Set thereby motivating students to learn the basic ideas and also the practical aspects of subsidiary books.
2. The teacher should explain the main subsidiary books namely Purchase book, Sales Book, Purchase Return book, Sales Returns Book and Journal Proper and the rules for making entries in these books.
3. Teacher should explain the meaning and use of debit note and credit note.
4. The teacher should demonstrate the procedure of making entries in subsidiary books.
5. The teacher should develop the skill in preparing subsidiary books with the help of vouchers provided in the Practice Set.

Hints for Students

1. There are fourteen vouchers in this Practice Set, count them.
2. Try to know the nature of the transaction on the basis of the vouchers contained in the Practice Set.
3. Try to make entries in the subsidiary books with the help of the vouchers.
4. After completion, check your solution with the solution provided at the end of the Practice Set. In case of difficulty consult your teacher.

PROBLEM

Enclosed herewith are fourteen vouchers relating to the month of February, 1995 of M/s Lalita Furniture Mart, Bhilwara. Prepare subsidiary Books and Journal Proper with the help of the vouchers given in the Practice Set.

Voucher No.1

Credit memo

RST 70/1135

Phone No. 546342

RST 70/545

L. Godrej Co.

Jalpur

Date: Feb. 1, 1995

No.

M/s Lalita Furniture Mart,
Bhilwara

S.No.	Particulars	Qty.	Rate	Amount
1.	Herington Typewriter	1	8000/-	8000.00
				<u>8000.00</u>
				=====

(Rupees Eight thousand only)

L. Godrej

Signature

Voucher No.2CREDIT MEMO

RST : 80/3135

Phone No.20507

CST 80/636

M/s Indore Furniture Mart,
Indore (MP)

No.311

Date: Feb.8 ,1995

M/s Lalita Furniture Mart,
Bhilwara, (Raj.)

<u>S.No.</u>	<u>Particulars</u>	<u>Qty.</u>	<u>Rate</u>	<u>Amount</u>
1.	Tables 5'x3'	300	250/each	75000
2.	Chairs cane	500	80/each	40000

				115000

(Rs.one lakh and fifteen thousands only)

E & O.E.

SELLER

Voucher NO.3Credit Memo

RST: 75/936

Phone NO.20133

CST: 75/736

Lalita Furniture Mart, Bhilwara (Raj.)

No.242

Dated: Feb.10, 1995

M/s Mahesh Furniture Mart, Dholpur (Raj.)

<u>S.NO.</u>	<u>Particulars</u>	<u>Qty.</u>	<u>Rate</u>	<u>Amount</u>
1.	Sofa Sets	20	1200/p.set	24000
2.	Chairs cane	105	100/each	10500

				34500
	Less Trade Discount 10%			3450
				31050
	Add: Sales Tax 4%			1242

				32292

(Rupees thirty two thousand two hundred
and ninety two only)

E & O.E.

Seller

Voucher No. 4Credit Note

Invoice No. 20133

Date: Feb.12,1995

From: Lal'ta Furn'ture Mart,
Bh'lwara

Dholpur

No.248

RST 75/936

CST 75/735

To

Mahesh Furn'ture Mart,
Dholpur

Particulars	Amount	
	Details Rs.	Net Amount Rs.
Returned being defective		
3 Sofa Sets @ Rs.1200/-each	3600	
10 chairs care @ Rs.100/-each	1000	

		4600
Less Trade discount 10%		460

		4140

(Rupees four thousand one hundred forty only)

E&O.E.

Sd/
SignatureVoucher NO.5Credit Memo

RST 85/4246

Phone No.20942

CST 85/612

M/s Shal'mar Furn'ture House
AJMER

No.415

Dated: Feb.15,1995

M/s Lal'ta Furn'ture Mart,
Bh'lwara(Raj.)

S.No.	Particulars	Qty	Rate	Amount
1.	Sofa sets	30	1000/-each	30000.00
2.	Dressing tables	10	700/each	7000.00

				37000.00
	Less: Trade Discount 10%			3700.00

				33300.00
	Add: Brokerage Rs. 150/-			
	Bardana Rs.150/-			300.00

				33600.00

Rs.Thirty three thousand and six hundred only

E.& O.E.

Sd/
Seller

Voucher No.6Credit Memo

RST 88/25256
CST 88/941

Phone No.20633

Singhal Furniture Store,
Dholpur (Raj.)

No.453

Date : Feb.18 , 1995

M/s Lalita Furniture Mart,
Bhilwara (Raj.)

S.No.	Particulars	Qty	Rate	Amount
1.	Tables 5'x3'	400	250/_each	1,00,000
2.	Chairs cane	400	80/_each	32,000
				<u>1,32,000</u>

(Rupees One lac thirty two thousand only)

E&OE

Seller

Credit MemoVoucher No.7

RST 75/936
CST 75/735

Phone No. 20133

Lalita Furniture Mart,
Bhilwara (Raj.)

No.344

Dated:Feb.20 , 1995

M/s Hari Om Furniture House,
Nadbai(Bharatpur)

S.No.	Particulars	Qty.	Rate	Amount
1.	Tables 5'x3'	200	300/each	60,000
2.	Chairs cane	200	100/each	20,000
				<u>80,000</u>

Less: Trade Discount by 10%

8,000

Add: Sales Tax by 4%

72,000

2,880

74,880

(Rupees seventy four thousand eight
hundred and eighty only)

E&O.E.

Sd/
Seller

Credit Note

Voucher No.8

Shalimar Furniture Mart

No.335

Date: Feb.22,1995

To Lalita Furniture mart,
Bhilwara

Credited in Account

Particulars	Amount	
	Rs.	P
Returned being defective		
2 sofa sets @ Rs.1000/_each	2000.00	
2 Dressing table @ Rs.700/_each	1400.00	
	3400.00	
Less:Trade discount 10%	340.00	
(Rs.Three thousand sixty only)	3060.00	

E.&J.E.

Signature

Voucher No.9

No.53

Date: Feb.25,1995

Lalita Furniture Mart, Bhilwara

Journal voucher

Particulars	Amount	
	Debit	Credit
Debit drawings a/c	4900.00	
Credit Purchases a/c		4900.00
Total	4900.00	4900.00

Prepared by

Asstt.Chief Accountant

Chief Accountant

Voucher No.10Credit Memo

RST 90/6534
CST 90/1035

Phone No. 20934

No.612 Ajmer Furniture House,
Ajmer

Date: Feb.25 ,1995

M/s Lalita Furniture Mart,
Bhilwara (Raj.)

S.No.	Particulars	Qty	Rate	Amount
1.	Sofa sets	10	1100/_each	11000
2.	Chairs shining	30	200/_each	6000
	(Rupees seven ^{een} thousand only)			17000

E. & O.E.

Sd/_ Seller

Credit NoteVoucher No.11

Phone No.20133

RST 75/936
CST 75/735

From: Lalita Furniture Mart
No.292

Date: Feb.26,1995

To,

Hari Om Furniture House,
Nadbai, Bharatpur (Raj.)

Particulars	Details	Amount
10 Tables @ Rs.300/_ each		3000
Less: Trade discount 10%		.300
		2700

Rs.Two thousand and seven hundred only

E. & O.E.

Signature

Voucher No.12

No.66

Date : Feb. 27, 1995

Lalita Furniture Mart, Bhilwara

Journal Voucher

Particulars	Amount	
	Debit	Credit
Debit Bad debts A/c	1000	
Credit Mahesh Furniture Mart		1000
	1000	1000

Prepared by : Asstt. Chief Acctt. Chief Accountant

CREDIT NOTEVoucher No.13

AJNE FURNITURE HOUSE, AJMER

No.340

Date: Feb.28,1995

To

M/s Lalita Furniture Mart,
Bhilwara

Credited in Account

Particulars	Amount	
	Rs.	P.
Returned being defective		
3 Sofa sets @ Rs.1100/_each	3300.00	
5 chairs @ Rs.200/_each	1000.00	
	4300.00	

Rupees Four thousand three hundred only

E.& O.E.

Sd/. Signature

Voucher No.14Credit MemoRST 75/936
CST 75/735

Phone No. 20133

Lalita Furniture Mart,
Bhilwara (Raj.)

No. 428

Date: Feb., 28, 1995

M/s Pramod Furniture House,
Kapasan (Bhilwara)

S.No.	Particulars	Qty	Rate	Amount
1.	Tables 5'x3'	100	300/_each	30000
2.	Chairs can	100	100/each	10000
				<u>40000</u>
	Less: Trade discount by 10%			4000
	(Rupees thirty six thousand only)			<u>36000</u>

E & O.E.

Sd/
Seller

Transactions on the basis of vouchers

1995

- Feb.1 Purchased typewriter on credit from M/s Modern Godrej Co. Rs. 8,000/-
- Feb. 8 Purchased from M/s Indore Furniture Mart, Indore 300 tables 5'x3' @ Rs.250/- each and 500 cane chairs @ 80 each vide voucher No.311.
- Feb.10 Sold to Mahesh Furniture Mart, Dholpur 20 sofa sets @ Rs.1200/ each and 105 cane chairs @ 100 each at a Trade Discount 10% Sales tax charged @ 4% vide voucher No.242.
- Feb.12 Mahesh Furniture Mart, Dholpur returned 3 sofa sets @ 1200/- each and 10 cane chairs @ Rs.100/- each on account of poor quality, Trade discount allowed was 10% credit note No.248 .
- Feb.15 Purchased from M/s Shalimar Furniture House 30 sofa set @ Rs.1000/- each and 10 dressing Tables @ Rs.700/-each at and trade discount of 10%, Brokerage Rs.150/- and Bardana Rs.150/- charged. Voucher No. 415.
- Feb.,18 Purchased from M/s Singhal Furniture Store, Dholpur 400 Tables 5'x3' @ Rs.250/-each and 400 cane chairs @ Rs.80/- each Vide voucher No. 453.
- Feb.20 Sold to Hari Om Furniture House, Nadbai 200 Tables 5'x3' @ Rs.300/- each and 200 cane chairs @ Rs.100/- each at a Trade Discount of 10% . Sales tax charged 4% vide voucher No. 344.
- Feb.22 Defective goods returned to Shalimar Furniture House, Ajmer. 2 Sofa sets @ Rs.1000 each and 2 Dressing tables @ Rs.700/- Trade discount 10% by credit note No. 335.
- Feb.25 Withdraw goods from Business for private use Rs. 4,900/-
- Feb.25 Purchased goods from Ajmer Furniture House, Ajmer 10 Sofa sets @ Rs.1100/- each and 30 shining chairs @ Rs. 200 each vide voucher No.612.
- Feb.26 Hari Om Furniture House, Nadbai informed that 10 Tables @ Rs.300/- being defective and hence returned at Trade discount 10% vide credit Note No. 272.

- Feb.27 Bad debts written off of M/s Mahesh
Furniture Mart Rs.1,000/-
- Feb.28 Goods returned on account of inferior quality
to M/s Ajmer Furniture House, Ajmer
3 sofa sets @ Rs.1100 each and 5 shinning chairs
@ Rs.200/- each vide credit Note No.340.
- Feb.28 Sold goods to Pramod Furniture House,
Kapasan _ 100 tables 5'x3' @ Rs.300/- each
and 100 canned chairs @ Rs.100/- each
Trade discount 10% vide voucher No.2128.

...

Solution
Purchases Book of Lalita Furniture Mart, Bhilwara

Date	Particulars	IF	I.V. No.	Amount Details Rs.	Net Amount Rs.
1995 Feb.8	M/s Indone Furniture Mart 300 Tables @ Rs.250/- each 500 chairs @ Rs.80/- each		311	75000 40000	115000
Feb.15	M/s Shalimar Fur.House 30 Sofa set @ Rs.1000/each 10 Dressing table @ Rs.700 each Less: Trade Discount 10% Add: Brokrega 150 Bardana 150		415	30000 7000 <u>37000</u> <u>3700</u> <u>33300</u> <u>300</u>	 33600
Feb.18	M/s Singhal Furniture Store 400 Tables @ Rs.250/- each 400 Chairs @ 80/- each		453	100000 <u>32000</u>	 132000
Feb.25	M/s Ajmer Furniture House 10 Sofa sets @ Rs.1100/each 30 Chairs @ Rs.200/- each		612	11000 <u>6000</u>	 17000
Feb.28	Purchases A/c Dr.				297600

Sales Book of Lalita Furniture Mart, Bhilwara

Date	Particulars	I.V. No.	Amount	
			Details Rs.	Net Amount Rs.
1995	M/s Mahesh Furniture Mart			
Feb. 10	20 Sofa sets @ Rs.1200/- each	242	24000	
	105 chairs @ Rs.100/- each		10500	
			<u>34500</u>	
	Less: Trade discount 10%		<u>3450</u>	
	Add: Sales Tax 4%		<u>31050</u>	
			<u>1242</u>	32292
Feb. 20	M/s Hariom Furniture House	344	60000	
	200 Tables @ Rs.300/each			
	200 chairs @ Rs.100/- each		<u>20000</u>	
			<u>80000</u>	
	Less: Trade discount 10%		<u>8000</u>	
			<u>72000</u>	
	Add: Sales Tax 4%		<u>2880</u>	74880
Feb. 26	M/s Pramod Furniture House	428		
	100 Tables @ Rs.300/each		30000	
	100 chairs @ Rs.100/- each		<u>10000</u>	
			<u>40000</u>	
	Less: Trade discount 10%		<u>4000</u>	
			<u>36000</u>	36000
Feb. 28	Sales A/c Cr.			<u>143172</u>

Purchase Returns Book of Lalita Furniture Mart, Bhilwara

Date	Particulars	Debit Note	LF	Amount	
				Debits Rs.	Net Amt. Rs.
1995					
Feb.22	M/s Shalimar Fur.House				
	2 Sofa set @ Rs.1000/each	335		2000	
	2 Dressing tables @Rs.700			<u>1400</u>	
				3400	
	Less Trade discount 10%			<u>340</u>	3060
Feb.28	M/s Ajmer Fur.House		340		
	3 Sofa set @ Rs.1000/each			3300	
	5 Chairs @ Rs.200/_each			1000	4300
Feb.28	Purchases Return A/c Cr.				7360

of
Sales Returns Book/Lalita Furniture Mart, Bhilwara

Date	Particulars	Credit Note	LF	Amount	
				Debits Rs.	Net Amt. Rs.
1995	M/s Mahesh Fur.Mart				
Feb. 12	3Sofa set @Rs.1200/_each	248		3600	
	10chairs @ Rs.100/_each			<u>1000</u>	
				4600	
	Less:Trade Discount 10%			<u>460</u>	4140
Feb.26	M/s Hariom Furniture House		272		
	10Table @ Rs.300/_each			3000	
	Less Trade Disc.10%			<u>300</u>	2700
Feb.28	Sales Return A/c Dr.				6840

Journal Proper of Lalita Furniture Mart,
Bhilwara

Date	Particulars	IF	Amount	
			Dr.	Cr.
1995				
Feb. 1.	Typewriter A/c Dr. To Modern Godrej Co. (Typewriter Bought from Godrej Co.)		8000	8000
Feb. 25	Drawings A/c Dr. To Purchases A/c (Drawings made in goods)		4900	4900
Feb. 27	Baddebts A/c Dr. To Mahesh (Bad debts written off)		1000	1000
	Grand Total :		13900	13900

Practice Set 5

Errors and Their Rectification

Guidelines for teachers

1. The teacher should explain the need and utility of document contained in the practice set thereby motivating students to learn the basic ideas and also the practical aspects of committing errors and their rectification.
2. The teacher should explain different types of errors and their effect on different books of Accounts.
3. The teacher should explain the importance & use of suspense account in the process of rectification of errors.
4. The teacher should demonstrate the process of locating the errors in Journal and ledger.
5. The teacher should develop the skill in locating the errors and in passing necessary journal entries to rectify the errors and in preparing the suspense account and corrected trial balance.

Hints for students

1. There are twentytwo vouchers in this practice set.
Necessary entries have been made on the basis of these vouchers in different books and a Traial Balance has also been prepared, check them.
2. Try to know the nature of the transaction on the basis of the voucher and check it in the related books.
3. Try to find out the errors from the Books and on the basis of the errors, construct the transaction .
4. Try to pass the necessary Journal entries to rectify these errors.
5. Try to prepare suspense account and corrected Trial Balance after rectification.
6. After completion, check your solution with the solution provided at the end of the Practice Set, In case of difficulty consult your teacher.

PROBLEM

Enclosed herewith are twenty two vouchers relating to the business of Amit Furniture Mart, Dholpur. Necessary Books and Traial Balance have been prepared on the basis of these vouchers. You are asked to compare the vouchers with the entries made in the Books and analyze the errors. Pass necessary Journal entries to rectify these errors and prepare suspense account, new corrected trial Balance and its effect on Trading and P&L A/c.

Voucher No.1

M/s Amit Furniture Mart

Telegram : Amit

Phone: 20510

Lal Bazar

Dholpur

Dated: Ap 1,1995

Started Business with:

Debit	Cash A/c	80,000/-
	Stock A/c	20,000/-
	Building A/c	50,000/-
Credit	To Capital A/c	150,000/-

Sd/.

Rs.1,50,000/-

Signature of Accountant

~~Cash/Credit~~
M/s Gopal Furniture House

Voucher No.2

Telegram: GFH

Phone: 336045

Bill No. 95/302

Order No. March 25, 1995

Subhash Bazar, Jaipur

Dated: April 2, 1995

M/s Amit Furniture Mart, Dholpur

S.No.	Particulars	Qty	Rate Rs.	Amount Rs.
1.	Delux Chairs	200	80	16,000
2.	Novelty tables	100	220	22,000
				<u>38,000</u>
	Less: Trade Discount 10%			<u>3,800</u>
				34,200
	Add: Sales Tax 5%			<u>1,710</u>
	Rs.Thirty five thousand nine hundred and ten only			<u>35,910/-</u>

E.&O.E.

Sd/.

For Gopal Furniture House

Voucher No.3Credit

M/s Amit Furniture Mart

Telegram: Amit

Lal Bazar, Dholpur

Phone: 20510

Dated: April 2, 1995

Bill No. 95/1

Order No.83/ March 27, 1995

M/s Ram Furniture House, Bharatpur

S.No. Particulars	Qty	Rate Rs.	Amount Rs.
1. Delux chairs	50	100	5000
2. Novelty tables	30	250	7500
			<u>12500</u>
		Less: Trade Dis. 5%	<u>625</u>
			11875

Rs. Eleven thousand eight hundred and seventy five only

E.&O.E.

Sd/.

For Amit Furniture Mart

Voucher No.4Cash

M/s Bharat Stationers Dholpur

Telegram: Bharat

Old city, Dholpur

Phone: 20533

Bill No.95/31

Order No.12

Dated: Ap.6, 1995

M/s Amit Furniture Mart, Dholpur

S.No. Particulars	Qty.	Rate	Amount
1. White paper (9'x15 ")	4	75	300
2. Ruled paper (10"x15")	1	100	100
3. Ronalled Ball pens	10	15	150
			<u>550</u>

Rs. Five hundred and fifty only

E.&O.E.

For Sd/.

Bharat Stationers Dholpur

Voucher No.5

Diamond Fire & General Insurance Co.

Telegram: NFGIS

Agra Road, Dholpur

Telephone : 20342

No.132

Receipt

Dated: Ap.7,1995

Received with thanks from : M/s Amit Furniture Mart,
Dholpur a Sum of Rupees : One thousand only

Vide Cash

on account of Insurance contract No.132 Dated Ap.7,1995

Rs.1000/-

Sd/.

Signature Receiver

Asstt. Manager

Voucher No.6

M/s Amit Furniture Mart,

Telegram: Amit

Phone: 20510

Debit Note

Lal Bazar, Dholpur

Bill No.95/302

Dated Ap. 7,1995

Order No.1/ March 25, 1995

M/s Gopal Furniture House, Jaipur

S.No.	Particulars	Qty	Rate Rs.	Amount Rs.
1.	Delux chairs	5	80	400
2.	Novelty tables	5	220	1100
				<u>1500</u>
	Less Discount 10%			<u>150</u>
				1350

(Rs. One thousand three hundred and fifty only)

E.&O.E. (Goods returned due to inferior quality)

Sd/.

Amit Furniture Mart

CreditVoucher No.7

M/s Ram Prasad Shiv Prasad

Telegram: Ram

Indira Chowk, Delhi

Phone : 131415

Dated: Ap.8,1995

Bill No. 95/108

Order No.95/1 Dated 24th March,1995

M/s Amit Furniture Mart, Dholpur

S.No.	Particulars	Qty	Rate	Amount
1.	Wood cutter machine	1	6000	6000
	Add: Sales tax			600
				<u>6600</u>

Rs. Six thousand six hundred only

E. & O.E. Sd/ _
Ram Prasad Shiv Prasad

CreditVoucher No.8

M/s Bharat Furniture Mart

Telegram: Bharat

Sanjay Nagar, Agra

Phone: 338052

Dated: April 9, 1995

Bill No. 95/421

Order No. 2/Ap.2, 1995

M/s Amit Furniture Mart, Dholpur

S.No.	Particulars	Qty	Rate Rs.	Amount Rs.
1.	Stools	100	60	6000
2.	Tables	50	100	5000
				<u>11000</u>
	Less: Trade discount 10%			1100
				<u>9900</u>

Rs. Nine thousand nine hundred only

E. & O.E.

For Sd/ _
Bharat Furniture House

Voucher No.9

M/s Amit Furniture Mart,
 Telegram:Amit
 Hello : 20510
 V.No.1

Lal Bazar,Dholpur

Dated: Ap 10,1995

Cash Payment Voucher

Amount Rs.300/-

Nature of Expenses : Wages for New machinery

Account Head : Machinery

Paid by : Cash

Sd/.
 Signature

Voucher No.10Credit

Telegram: Amit

Lal Bazar,Dholpur

Phone: 20510

Dated: Ap. 11, 1995

Bill No.95/2

Order No.38/Ap.5, 1995

M/s Hira Furniture Mart, Ajmer

S.No.	Particulars	Qty	Rate	Amount
1.	Stools	50	70	3500
2.	Tables	30	120	3600
3.	Dressing tables	05	540	2700
				<u>9800</u>
	Less: Trade discount 5%			<u>490</u>
				<u>9310</u>

Rs.Nine thousand three hundred and ten only

E. & O.E.

Sd/.
 By Amit Furniture Mart

CreditVoucher No.11

M/s Mohan Furniture House

Telegram: Mohan

Gandhi Nagar, Delhi

Phone : 103035

Dated: April 15, 1995

Bill No. 95/480

Order No. 3/Ap 10, 1995

M/s Amit Furniture Mart, Dholpur

S.No.	Particulars	Qty.	Rate Rs.	Amount Rs.
1.	Chairs	100	120	12000
2.	Dressing tables	50	500	25000
				<u>37000</u>
	Less Trade Discount 10%			<u>3700</u>
				<u>33300</u>
	Add Sales tax 5%			1665
	Loading expenses			<u>400</u>
				<u>35,365</u>

Thirty five thousand three hundred and sixty five only

E.&O.E.

Sd/. Mohan
Mohan Furniture HouseVoucher No.12

M/s Amit Furniture Mart,

Telegram: Amit

Lal Bazar, Dholpur

Phone : 20510

Dated: April 15, 1995

Debit : Drawing A/c 5500

Credit: To Cash 5000

To Purchases 500

Rs. Five thousand five hundred only

Rs. 5500/-

Sd/.

Signature of Accountant

Voucher No.13

M/s Bharat Furniture Mart

Telegram: Amit

Sanjay Nagar, Agra

Phone : 20510

Credit Note

Dated: Ap.16, 1995

Bill No.95/421

Order No.2/Dated Ap.2, 1995

M/s Amit Furniture Mart, Dholpur

S.No.	Particulars	Qty	Rate Rs.	Amount Rs.
1.	Stools	10	60	600
2.	Tables	2	100	200
				800
			Less:Trade Dis. 10%	80
				720

Rs.Seven hundred and twenty only)

(Goods returned from Amit Furniture mart not as per order)

E.&O.E.

For Sd/.
Bharat Furniture MartVoucher No.14Credit

M/s Amit Furniture Mart

Telegram: Amit

Lal Bazar, Dholpur

Phone: 20510

Dated: April 18, 1995

Bill No.95/3,

Order No.18/ Dated Ap.12, 1995

M/s Raj Furniture Mart, Alwar

S.No.	Particulars	Qty	Rate	Amount
1.	Novelty tables	50	250	12,500
2.	Delux chairs	100	100	10,000
				22,500
			Less:Trade Discount 5%	1,125
				21,375

(Rs.Twenty one thousand three hundred and seventy five only)

E.&O.E.

Sd/.
M/s Amit Furniture Mart

Voucher No.15

M/s Amit Furniture Mart

Telegram: Amit

Lal Bazar, Dholpur

Telephone: 20510

Dated: Ap.20,1995

No.4

RECEIPT

Received with thanks from : Narendra
Sum of Rupees one thousand vide cash on account
of Debt previously written off as Bad debts, Now
recovered.

Rs.1000/-

Sd/.
Signature Receiver

Voucher No.16

M/s Amit Furniture Mart, Dholpur

Telegram: Amit

Lal Bazar, Dholpur

Telephone: 20510

Dated: Ap.20,1995

No.1

RECEIPT

Received with thanks from Hira Furniture Mart,
Ajmer. Sum of Rupees : Three thousands only vide cash
on account of 95/2 dated April 11,1995

Rs.3000/-

Sd/.
Signature Receiver

Voucher No.17

M/s Amit Furniture Mart

Telegram: Amit

Lal Bazar, Dholpur

Phone: 20510

Credit Note

Dated: Ap.22, 1995

Bill No.95/2

Order No.38/Ap. 5, 1995

M/s Hira Furniture Mart, Ajmer

S.No.	Particulars	Qty.	Rate	Amount
1.	Stools	2	70	140.00
2.	Tables	3	120	360.00
				<u>500.00</u>
	Less: Trade discount 5%			<u>25.00</u>
				<u>475.00</u>

Rs. Four hundred and seventy five only)

(Goods returned from Hira Furniture Mart due to inferior quality.)

E. & O.E.

Sd/.

Amit Furniture Mart

Voucher No.18

M/s Gopal Furniture House

Telegram: GFH

Subhash Bazar, Jaipur

Telephone : 336045

Dated: April 24, 1995

No.18

RECEIPT

Received with thanks from : Amit Furniture
Mart, Dholpur Sum of Rupees : Twenty thousands only
vide cash on account of
No.95/302 dated April 12, 1995.

Sd/.

Rs. 20,000/-

Signature Receiver

Voucher No.19

M/s Amit Furniture Mart, Dholpur

Telegram: Amit

Lal Bazar, Dholpur

Telephone : 20510

Receipt

Dated: Ap 25, 1995

No.2

Received with thanks from : Raj Furniture Mart,
Alwar Sum of rupees : Ten Thousand only vide cash
on account of .. No.95/3 dated April 18, 1995

Sd/.

Rs.10,000/-

Signature Receiver

2

Voucher No.20

M/s Bharat Furniture Mart

Telegram: Bharat

Sanjay Nagar, Agra

Telephone : 338052

RECEIPT

Dated: Ap. 28, 1995

No.16

Received with thanks from : Amit Furniture Mart,
Dholpur. Sum of Rupees : Five thousand Vide cash
on account of ... No.95/421 dated April 9, 1995

Sd/.

Rs.5,000/-

Signature Receiver

Voucher No.21

M/s Amit Furniture Mart

Telegram: Amit

Lal Bazar, Dholpur

Hello : 20510

Dated: Ap.30, 1995

V.No.:

Cash Payment Voucher

Amount : Rs.500/-

Nature of Expenses : Salary

Amount Head : Salary

Paid by : Cash

(Paid salary to Mohan)

Sd/.

Accountant

Sd'

Signature

Voucher No.22

M/s Amit Furniture Mart

Telegram: Amit

Lal Bazar, Dholpur

Hello: 20510

Dated: April 30, 1995

V.No.

Cash Payment Voucher

Amount Rs.800/-

Nature of Expenses : Rent to Girish

Amount Head : Rent

Paid by : Cash

Sd/-

Accountant

Sd/

Signature

Purchases Book of Amit Furniture Mart, Dholpur

Date	Particulars	Inv. No.	LF	Amount	
				Detail	Total
1995					
Ap.2	Gopal Furniture House, Jaipur				
	200Delux chairs @Rs.80/-	95/302		16,000	
	100Novelty Tables@Rs.200/-			22,000	
				38,000	
	Less:Trade discount 10%			3,800	
				34,200	
	Add: Sales tax 5%			1,710	35,910

Ap.4	Bharat Furniture Mart, Agra				
	100Stools @Rs.60/- per	95/423		6,000	
	50Tables @Rs.100/-per			5,000	
				11,000	
	Less:Trade discount 10%			1,100	9,900

Ap.15	Mohan Furniture House	95/480			
	100chairs @Rs.120/-per			12,000	
	50dressing tables @Rs.500per			25,000	
				37,000	
	Less:Trade discount 10%			3,700	
				33,300	
	Add:Sales tax 5%			1,665	
	Loading exp.			400	35,365
Ap.30.	Purchases A/c	Dr.			81,075

Sales Book of Amit Furniture Mart, Dholpur

Date	Particulars	V.No.	L.F.	Amount	
				Detail	Total
1995 Ap.2	Ram Furniture House, Bharatpur				
	50Delux chairs @Rs.100/-			5,000	
	30Novelty tables @Rs.250/-			<u>7,500</u>	
				12,500	
	Less: Trade discount 5%			<u>625</u>	11,875

Ap.10	Hira Furniture Mart, Ajmer				
	50stools @ Rs.70/-per			3,500	
	30tables @Rs. 120/per			3,600	
	5Dressing tables @Rs.540/-per			<u>2,700</u>	
				9,800	
	Less:Trade discount 5%			<u>490</u>	9,310

Ap.18	Raj Furniture Mart, Alwar				
	50Novelty tables @ Rs.250/-			12,500	
	100Delux chairs @Rs.100/-			<u>10,000</u>	
				22,500	
	Less:Trade discount 5%			<u>1,125</u>	21,375
Ap.30	Sales A/c	Cr.			<u>43,560</u>

Purchases Returns Book of Amit Furniture Mart,
Dholpur

Date 1995	Particulars	VN	IF	Amount	
				Details	Total
Ap.7	Gopal Furniture House, Jaipur				
	5Delux chairs @ Rs.80/-	95/302		400	
	5Novelty tables @Rs220/-			1100	
				<u>1500</u>	
	Less Trade discount 10%			<u>150</u>	1350
	(Goods returned due to inferior quality)				
Ap30	Purchase returns A/c	Cr.			<u>1350</u>

Sales Returns Book of Amit Furniture Mart, Dholpur

Date 1995	Particulars	VN	IF	Amount	
				Details	Total
Ap.16	Bharat Furniture Mart, Agra				
	10Stools @ Rs.60/- per			600	
	02Tables @ Rs.100/- per			200	
				<u>800</u>	
	Less:Trade discount 10%			<u>80</u>	720/-
	(Goods returned not as per order)				
Ap.18	Hira Furniture Mart, Ajmer				
	2Stools @Rs.70/- per			140	
	3Tables @ Rs.120/- per			360	
				<u>500</u>	
	Less Trade Discount 5%			<u>25</u>	475
Ap30	Sales returns A/c	Dr.			<u>1195/-</u>

Journal Proper

Date	Particular	LF	Amount	
			Dr.	Cr.
1995				
Apr8	Machinery A/c	Dr.	6600	
	To Ram Prasad Shiv Prasad			6600
	(Machinery purchased from Ram Prasad Shiv Prasad)			
			<u>6600</u>	<u>6600</u>

Amit Furniture Mart, Dholpur
Cash Account

Date	Particulars	VN	LF	Amount	Date	Particulars	VN	LF	Amount
1995					1995				
Apr1	To Capital A/c			80000	Apr.10	By Wages			300
Apr20	To Hira Furniture Mart			3000	Apr.7	By Insurance			1000
Apr20	To Narendra			1000	Apr24	By Gopal Fur. House			20000
Apr25	To Raj Furniture Mart			10000	Apr28	By Gopal Bharat Fur.Mart			5000
					Apr30	By Salary a/c			500
					Apr30	By Girish			800
					Apr30	By Bal.C/d			66400
	Total			<u>94000</u>		Total			<u>94000</u>
1995									
May1	To Bal.B/d			66400					

Capital A/c

1995				1995			
Apr30	To Bal.C/d		150000	Apr1	By Cash A/c		80000
					By Stock A/c		20000
					By Building A/c		50000
			<u>150000</u>				<u>150000</u>

Gopal Furniture House

1995				1995			
Apr7	To Pur>Returns A/c		1350	Apr2	By Pur.A/c		35910.00
Apr24	To Cash A/c		2000				
Apr30	To Bal.C/d		32560				
			<u>35910</u>				<u>35910</u>

Ram Furniture House

1995			1995		
Ap.2	To Sales A/c	11875	Ap30	By Bal.C/d	11875
		<u>11875</u>			<u>11875</u>

Bharat Furniture Mart

1995			1995		
Ap28	To Cash A/c	5000	Ap4	By Purchases A/c	9900
Ap30	To Bal.C/d	5620	Ap16	By Sales Ret.A/c	20
		<u>10620</u>			<u>10620</u>

Wages A/c

1995			1995		
Ap10	To Cash A/c	300	Ap.30	By Trading A/c	300
		<u>300</u>			<u>300</u>

Bharat Stationers

1995			1995		
Ap30	To Bal.C/d	550	Ap.6	By Stationery a/c	550
		<u>550</u>			<u>550</u>

Stationery A/c

1995			1995		
Ap.6	To Bharat Stat.	550	Ap30	By P&L A/c	550
		<u>550</u>			<u>550</u>

Ram Prasad Shiv Prasad

1995			1995		
Ap30	To Bal.c/d	6600	Ap8	By Machinery A/c	6600
		<u>6600</u>			<u>6600</u>

Machinery A/c

1995			1995		
Ap8	To RamPrasad Shiv Prasad	6600	Ap30	By Balance c/d	6600
		<u>6600</u>			<u>6600</u>

Narendra

1995			1995		
Ap.20	To Balance C/d	1000	Ap.20	By Cash A/c	1000
		<u>1000</u>			<u>1000</u>

Stock A/c

1995			1995		
Ap.1	To Capital a/c	20000	Ap.30	By Bal. C/d	20000
		<u>20000</u>			<u>20000</u>

Building A/c

1995			1995		
Ap.1	To Capital a/c	50000	Ap.30	By Balance c/d	50000
		<u>50000</u>			<u>50000</u>

Insurance A/c

1995			1995		
Ap.7	To Cash a/c	1000	Ap.30	By P&L A/c	1000
		<u>1000</u>			<u>1000</u>

Hira Furniture Mart

1995			1995		
Ap.10	To Sales A/c	8310	Ap.22	By Sales Returns A/c	475
			Ap.20	By Cash a/c	3000
			Ap.30	By Bal.c/d	4835
		<u>8310</u>			<u>8310</u>

Mohan Furniture House

1995			1995		
Ap.30	To Balance c/d	35365	Ap.15	By Purchases a/c	35365
		<u>35365</u>			<u>35365</u>

Raj Furniture Mart

1995			1995		
Ap.18	To Sales A/c	21375	Ap.25	By Cash A/c	10000
			Ap.30	By Balance C/d	11375
		<u>21375</u>			<u>21375</u>

Salary A/c

1995			1995		
Ap.30	To Cash A/c	500	Ap.30	By P&L A/c	500
		<u>500</u>			<u>500</u>

Girish

1995			1995		
Ap30	To Cash a/c	<u>800</u>	Ap30	By Bal.c/d	<u>800</u>
		<u>800</u>			<u>800</u>

Purchases A/c

1995			1995		
Ap30	To Sundries as per purchases Book	81075	Ap30	By Trading A/c	81075
		<u>81075</u>			<u>81075</u>

Sales A/c

1995			1995		
Ap30	To Trading A/c	43560	Ap30	By Sundries as per Sales Book	43560
		<u>43560</u>			<u>43560</u>

Purchases Returns A/c

1995			1995		
Ap.30	To Trading A/c	1350	Ap30	By Sundries as per purchases returns book	1350
		<u>1350</u>			<u>1350</u>

Sales Returns A/c

1995			1995		
Ap. 30	To Sundries as per Sales returns book	1195	Ap30	By Trading A/c	1195
		<u>1195</u>			<u>1195</u>

Trial Balance as on Ap.30, 1995

S.No.	Name of Ledger	IF	Amount	
			Dr.	Cr.
1.	Capital A/c			1,50,000
2.	Gopal Furniture Mart			32,560
3.	Ram Furniture House		11,875	
4.	Bharat Furniture Mart			5,620
5.	Wages A/c		300	
6.	Bharat Stationers			550
7.	Stationery A/c		550	
8.	Ram Prasad Shiv Prasad			6,600
9.	Machinery A/c		6,600	
10.	Narendra			1,000
11.	Insurance A/c		1,000	
12.	Hira furniture Mart		4,835	
13.	Mohan Furniture House			35,365
14.	Raj Furniture Mart		11,375	
15.	Salary A/c		300	
16.	Girish		800	
17.	Purchases A/c		81,075	
18.	Sales A/c			43,560
19.	Sales Returns A/c		1,195	
20.	Purchases Returns A/c			1,350
21.	Cash A/c		66,400	
22.	Stock A/c		20,000	
23.	Building A/c		50,000	
24.	Suspense A/c		20,300	
	Total		2,76,605	2,76,605

SOLUTIONErrors found in the Account Books

1. Stationery worth Rs. 550/- was purchased from Bharat Stationers for cash wrongly entered in the Books as credit purchase (6th April, 1995)
2. Sold goods to Hira Furniture Mart Rs.9310 which was entered correctly in the Sales Book but was wrongly entered as 8310 on the debit side of his Account (10th April, 1995).
3. Paid wages Rs.300/- in the purchase of new Machinery was wrongly entered in wages Account (10th April, 1995).
4. Withdraw for personal use Rs.5,000/- and goods worth Rs.500/- were taken away for personal use but no entry for the same was made in the books (15th April, 1995).
5. Goods worth Rs. 720/- were returned back to Bharat Furniture Mart was wrongly entered in Sales Returns Book and the same was credited in the account of Bharat Furniture Mart (16th April, 1995).
6. Rupees 1,000 which was declared as bad debts previously was recovered from Narendra wrongly credited to his personal Account in place of Bad debts Recovered Account (20th April, 1995).
7. Paid Rs.20000/- to Gopal Furniture House but was wrongly entered as Rs.2,000/- in the account of Gopal Furniture House (24th April, 1995).
8. Paid rent to Girish Rs.900/ which was wrongly entered on the debit side of Girish's Account instead of Rent Account (30th April, 1995).
9. The Purchase Book has been wrongly totalled as 81,075/- instead of Rs.81,175/-
10. The total of Sales Book has been cast in excess by Rs.1,000/-
11. The Balance of salary Account worth Rs.500/- was wrongly shown in the Trial Balance as Rs.300/-

AMIT FURNITURE MART, DHOLPUR
JOURNAL

Date	Particulars	LF	Amount Debit	Amount Credit
1995	Bharat Stationers Dr.		550	
Ap.30	To Cash (Stationery purchased in cash was wrongly treated as credit purchase. Now corrected)			550
Ap.30	Hira Furniture Mart Dr.		1000	
	To Suspense (Hira Furniture Mart's a/c was debited to Rs.8310/- instead of 9310/-now corrected)			1000
"	Machinery Dr.		300	
	To Wages A/c (Wages paid on the purchase of new machinery was wrongly debited to wages account now corrected)			300
"	Drawings a/c Dr.		5500	
	To Cash a/c To Purchases (No entry was made for drawings)			5000 500
"	Bharat Furniture Mart. Dr.		1440	
	To Pur>Returns A/c To Sales Ret.A/c (Purchases returns was wrongly shown as Sales Ret.and was also entered on the credit side of Bharat Furniture Mart, now corrected)			720 720
"	Narendra Dr.		1000	
	To Bad Debts Rec.A/c (Recovery of Bad debts was wrongly entered in the personal account,now corrected)			1000
"	Gopal Furniture House Dr.		18000	
	To Suspense A/c (The account was wrongly debited by only Rs.2000 instead of Rs.20000 now corrected)			18000
"	Rent A/c Dr.		800	
	To Girish (Paid rent and was wrongly entered in the personal account,now corrected)			800
"	Purchases A/c Dr.		100	
	To Suspense A/c (Total of the purchases Book was undercast by Rs.100/-)			100

Ap.30	Sales A/c	Dr.	1,000	1,000
	To Suspense A/c			
	(Total of the Sales Book was overcast of Rs.1,000/-)			
"	Salary A/c	Dr.	200	200
	To Suspense A/c			
	(Balance of salary account was wrongly shown as 300 instead of Rs.500/-)			

Suspense Account

Dr.				Cr.			
Date	Particulars	JF	Amount Rs.	Date	Particulars	JF	Amount Rs.
1995				1995			
Ap30	To Balance B/d		20300/-	Ap30	By Hira Fur. Mart		1000/-
				"	By Gopal Fur. H.		18000/-
				"	By Purchases A/c		100/-
				"	By Sales A/c		1000/-
				"	By Salary A/c		200/-
	Total :		<u>20300/-</u>		Total:		<u>20300/-</u>

Effect of Errors and Rectifications (correction) on
Trading account (Gross profit) and Profit & Loss A/c
(Net profit)

Entry No.	Effect of Errors				Effect of corrections			
	Trading A/c		P&L A/c		Trading A/c		P&L A/c	
	(Gross profit)		(Net profit)		(Gross profit)		(Net profit)	
	Dr(-)	Cr(+)	Dr(-)	Cr(+)	Dr(-)	Cr.(+)	Dr.(-)	Cr.(+)
1	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-
3	3.00	-	3.00	-	-	300	-	300
4	500	-	500	-	-	500	-	500
5	1440	-	1440	-	-	1440	-	1440
6	-	-	1000	-	-	-	-	1000
7	-	-	-	-	-	-	-	-
8	-	-	-	800	-	-	800	-
9	-	100	-	100	100	-	100	-
10	-	1000	-	1000	1000	-	1000	-
11	-	-	-	200	-	-	200	-
Total	2240	1100	3240	2100	1100	2240	2100	3240
Bal. (-)	1140	-	(-)1140	-	-	(+)1140	-	(+)1140

Net profit will decrease by
Rs.1140/-

Gross profit will decrease
by Rs.1140/-

Net profit will increase by
Rs.1140/-

Gross profit will increase by
Rs.1140/-

Trial Balance as on April 30, 1995

S.No.	Name of Ledger	IF	Amount	
			Dr.	Cr.
1.	Capital A/c			1,50,000
2.	Stock A/c		20,000	
3.	Building A/c		50,000	
4.	Purchases A/c		80,675	
5.	Gopal Furniture House			14,560
6.	Ram Furniture House		11,875	
7.	Stationery A/c		550	
8.	Insurance A/c		1,000	
9.	Purchases Returns A/c			2,070
10.	Ram Prasad Shiv Prasad			6,600
11.	Machinery A/c		6,900	
12.	Bharat Fur. House			4,180
13.	Hira Furniture Mart		5,835	
14.	Mohan Furniture House			35,365
15.	Sales A/c			42,560
16.	Bad debt Recovered A/c			1,000
17.	Sales Returns A/c		475	
18.	Salary A/c		500	
19.	Rent A/c		800	
20.	Drawing A/c		5,500	
21.	Cash A/c		60,850	
22.	Raj Fur. Mart		11,375	
Total :			2,56,335	2,56,335

PRACTICE SET 6

CAPITAL & REVENUE

Guidelines for Teachers

1. The teacher should explain the need and utility of documents contained in the Practice Set thereby motivating students to learn the basic ideas and also the practical aspects of Capital & Revenue.
2. The teacher should explain the concept of capital and Revenue expenditure.
3. The teacher should explain the basis of classification of expenditure in Capital and Revenue.
4. The teacher should develop the competence to classify an expenditure in Capital & Revenue.

HINTS FOR STUDENTS

1. There are 11 vouchers in this Practice Set, Count them.
2. Try to know the nature of the transactions on the basis of the vouchers contained in the Practice Set.
3. Try to classify each transaction in Capital and Revenue and also reason out for the same.
4. Try to pass necessary journal entries with the help of vouchers.
5. After completion check your solution with the solution provided at the end of the Practice Set.
In case of difficulty consult your teacher.

PROBLEM

Enclosed herewith are eleven vouchers of Amithabh Film Manufacturing Company. Analyse each of the voucher and pass necessary Journal entries. All these vouchers are related to some type of expenditure. Analyse them and classify them as to whether they are related to capital or Revenue expenditure. Also give reasons for the same.

Voucher No.1

Old Projector's A/c

 1995
 Dec31 To Bal.C/d 60,000/-

 Note : Sold old projector for Rs.50,000/- and received
 cheque.

 No.678 Bank of Baroda, Bombay

Dated: 1.1.1996

Pay : Amitabh Film Manufacture Company

Rupees : Fifty thousand only.

Rs.50,000/-

Sd/

A/c No.3765

Voucher No.2

No.345

Bank of Baroda, Bombay

Dated: 5.1.1996

Pay: Sharma Filmisthan Co.

Rupees: One lakh fifty thousand only

1,50,000/-

Sd/.

A/c No. AFMC Manager
3459.Voucher No.3Cash Payment Voucher

Amount 500/-

Amitabh Film Manufacturing Co.
73, Normal Building, Anderi Bombay

Date: 7th Jan., 1996

Nature of Exp. - Establishment of New project purchased

Account head : Establishment expenses

Paid by : Cash

Sd/.

Manager

Cash Payment VoucherVoucher No.4

Amitabh Film Man.Co.
73, Normal Building, Anderi, Bombay

Amount: 8000/-

Dated: 15th Jan., 1996

Nature of exp. : Repairs for making Projector
serviceable

Account head : Repairs

Paid by : Cash

Sd/. Manager

Voucher No.5Cash Payment Voucher

Amitabh Film Manf. Co.
73, Normal Building, Anderi, Bombay

Amount 1200/-

Date: March 31, 1996

Nature of Exp. : Entertainment Tax paid

Account head : Entertainment Tax Account

Paid by : Cash

Sd/. Manager
AFMC

Voucher No.6

Rajputana Mart

Cash Memo

Amitabh Film Manf. Co., Bombay

Bandra, Bombay

30.1.1996

Date Qty	Particulars	Rate	Amount
2	Door of Project Hall	10,000/	20,000/-
(Two)	Renewal in all respects.	per door-	

Voucher No.7Receipt

Rajendra Advertising Company
Knrta, Bombay

No.294

1 Feb., 1996

Received with thanks from the Amitabh Film Manf. Co.
Rs. Five thousand only on account^{of} Special Advertisement
script for your Project Hall.

Rs.5000/-

Sd/.
For RAC Bombay

Voucher No.8

Amitabh Film Manufacturer Company

73, Normal Building,
Andra, Bombay

Amount: 1000/-

10th Feb., 1996

Nature of Exp. : Licence fees

Account Head : Licence A/c

Paid by : Cash

Sd/.
Manager AFMC

Voucher No.9Receipt

Madan Painting Corner

Andra Bombay

No.56

1st March, 1996

Received with thanks from Amitabh Film Manf. Co.
Bombay a sum of Rs. Five thousand for painting of the
Projector Hall.

Rs.5,000/-

Sd/.
For MPC Bombay

Voucher No.10

Counter Foil Bank of Baroda, Bombay

Dated: 20th March, 1996

Pay: B.S. Rathore (due to accident from Projector)
Operatore

Rupees : Five thousand only

Rs. 5000/-

Sd/. Manager
For AFMC BombayVoucher No.11

Date 31.3.1996

Journal Voucher

Particular	Code No.	Amount	
		Debit	Credit

Debit

Credit

(Depreciation @ 10% p.a. is to be charged on projector
on 31st March, 1996)

(New projector valued Rs. 1,50,000/-) Total

Sd/ Prepared by £	Sd/ Asstt. Chief Account	Sd/ Chief Account FM
-------------------------	-----------------------------	-------------------------

Solution

Transactions on the basis of the vouchers:

1. Sold an old Projector for Rs.50,000/- whose Book value is Rs.60,000/-
2. A new projector is purchased from Sharma Filmisthan Co. for Rs.1,50,000 and Rs.500.00 were paid for its establishment.
3. Spent Rs.8,000/- on repairs for making the Projector serviceable.
4. Entertainment tax paid Rs.1200/-
5. Paid to Rajputana Mart a sum of Rs.20,000/- for the renewal of entrance and exit door of the Projector Hall.
6. Paid for 5,000/- for special advertisement.
7. Paid Rs.1,000/- for the renewal of Licence No.785.
8. Paid Rs.5,000/ for the painting of the Projector Hall.
9. Compensation of Rs.5,000/- paid to the Projector operator on account of ~~xx~~ damages due to accident.
10. Depreciation on Projector was charged @ 10% p.a. at the end of the year.

Journal entries

Date	Particulars	LF	Amount Dr.	Amount Cr.
1996	P&L A/c		10,000	
Jan1	Bank A/c..		50,000	
	To Old projector (Old projector sold for Rs.50,000/- whose Book value was Rs.60,000/-)			60,000.
Jan.5	Projector Dr.		1,50,000	
	To Sharma Filmisthan (Purchased n w projector)			150,000
Jan.7	Establishment exp.A/c Dr.		500	
	To Cash A/c (Paid establishment charges for new projector)			500
Jan.15	Repairs A/c Dr.		8,000	
	To Cash A/c (Paid repairs for the Proj- ector to put it in service)			8,000
Mar3	Entertainment Tax A/c Dr.		1,200	
	To Cash A/c (Paid entertainment tax)			1,200
Jan30	Fixtures A/c Dr.		20,000	
	To Bank A/c (Renewal of entrance&exist doors)			20,000
Feb1	Advertisement A/c Dr.		5,000	
	To Cash A/c (Paid for special advertise- ment)			5,000
Feb10	Licence A/c Dr.		1,000	
	To Cash A/c (Paid licence fee)			1,000
Mar1	Painting A/c Dr.		5,000	
	To Cash A/c (Paid for the painting of Projector hall)			5,000
Mar20	Compensation A/c Dr.		5,000	
	To Cash A/c (Paid compensation to Sh.B.S. Rathore for accident)			5,000
Mar31	Depreciation A/c Dr.		3,750	
	To Projector A/c (Depreciation charged @ 10%)			3,750

CLASSIFICATION OF EXPENSES IN CAPITAL AND REVENUE

1. Loss on the sale of Projector Rs.10,000/- is Capital loss since the nature of such type of loss is not recurring.
2. Purchasing a New projector for the company is a capital expenditure because the Asset will be used for many years (Jan.5)
3. Establishment expenses is to be treated as capital expenditure since it is to be paid only at the time of establishment. It is not a recurring expenditure (Jan.7)
4. Repairs is a revenue expenditure since it can be paid again and again to keep the Projector in working condition. (Jan.15)
5. Payment of entertainment Tax is a Revenue expenditure since it is a recurring expenditure (March 31)
6. Payment made for the renewal of the door is a capital expenditure since the Door of the Hall is not to be replaced every year (Jan.30)
7. Payment for Special advertisement is to be treated as capital expenditure, because special advertisement is done by the company once a whole (Feb.3)
8. Payment for licence fee is to be treated as revenue expenditure since license is to be renewed after a fixed period (Feb.10)
9. Payment for the Painting of the Hall is to be treated as Capital expenditure since painting is not done in routine. It may be done once in few years.
10. Compensation paid to the employee is a capital expenditure since making payment for compensation is not a routine expenditure (March 20)
11. Charging the Depreciation is revenue loss since Depreciation is to be charged every year (March 31)

PART - II

PRACTICE SET 7
BANK RECONCILIATION STATEMENT

Guidelines for teachers

1. The teacher should explain the need and utility of documents contained in the Practice Set thereby motivating students to learn the basic ideas and also the practical aspects of Bank Reconciliation statement.
2. The teacher should explain various terms such as post dated cheque, stale cheque, contra entry, dishonour etc. used in the preparation of Bank Reconciliation Statement.
3. The teacher should explain the procedure of comparing the Cash book balance with Bank statement (Pass book).
4. The teacher should explain the procedure of identification of entries made in one of the two books.
5. The teacher should develop the skill in preparing Bank Reconciliation Statement.

Hints for students

1. Try to locate the entries made in one ~~for~~ of the two books i.e. either in the Cash book or in the Pass book.
2. Try to analyse the reasons for not making the entry in the other book.
3. Try to find out the entries made in the pass book and not in the cash book. Students should make these entries in the Cash book on the last day of the month (when the statement is received from the bank).
4. Try to develop the skill in preparing the Bank Reconciliation Statement.
5. After completion check your solution with the solution provided at the end of the Practice Set. In case of difficulty consult your teacher.

PROBLEM - 1

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M/s Sharma Store has their account in State Bank of India. Their Cash Book and Pass Book for the month of Jan., 1996 is attached herewith. Prepare Bank Reconciliation Statement before making entries in the Cash Book and ~~after~~ making entries in the Cash Book.

M/s Sharma Store, Ajmer Three Column Cash Book

Dr.				Cr.			
Three Column Cash Book							
Date	Particulars	LF	Amount	Date	Particulars	LF	Amount
			Disc. Cash Bank				Dis. Cash Bank
1995				1995			
Jan1	To Bal.B/f		20000	Jan2	By Bank A/c	(C)	10000
Jan.2	To Cash A/c	(C)	10000	Jan3	By Pur.A/c		5000
Jan.4	To Man Lal's A/c	40	5000	Jan8	By Gupta's A/c	25	5000
Jan 6	To Raj Kumar's A/c		4000	Jan10	By Postage A/c		100
Jan.7	To Sales A/c		7000	Jan11	By Rathore's A/c		7000
Jan17	To Sunil's A/c		6000	Jan15	By Drawing A/c		400
Jan20	To Bank A/c	(C)	1000	Jan18	By Lalit's A/c	50	3000
Jan25	To Sales A/c		10000	Jan20	By Cash a/c	(C)	1000
Jan28	To shyam's A/c		5000	Jan22	By Drawing A/c		500
				Jan26	By Ramesh's A/c		10000
				Jan28	By Rent A/c		500
				Jan31	By Salary a/c		1000
				Jan31	By Balance c/f		11000
							23500
Total 40 28000 50000				75 28000 50000			

Dr. Balance as per Cash book = 23,500.00

State Bank of India, Ajmer

Pass BookAccount of - Sharma Store, Ajmer
A/c No. 27655

Page No.5

Date	Particulars	Deposits		Withdrawals		DR CR	Balance		Initials
		Rs.	P	Rs.	P		Rs.	P	
1996									
Jan1	By Balance b/f	-	-			Cr	10000		
Jan2	By Cash A/c	10000				Cr	20000		
Jan4	By Man Mal's A/c	5000				Cr	25000		
Jan8	To Gupta's A/c	-		5000		Cr	20000		
Jan17	By Sunil's A/c	6000				Cr	26000		
Jan18	To Lalit's A/c	-		3000		Cr	23000		
Jan20	To Cash A/c	-		1000		Cr	22000		
Jan22	To Self	-		5000		Cr	17000		
Jan25	By Ram's A/c	2000				Cr	19000		
Jan26	By Cash A/c	10000				Cr	29000		
Jan28	To Ins.Prem. A/c	-		500		Cr	28500		
Jan30	To Bank charges			50		Cr	28450		
Jan31	By Int. A/c	100				Cr	28550		

Solution

Summary of the causes of differences between the balances of Cash Book and Pass Book as on 31st Jan., 1996

1. Cheques deposited in the bank but not yet collected

i) Raj Kumar's cheque for	Rs. 4,000/-
ii) Shyam's cheque for	Rs. 5,000/-
	Rs. <u>9,000/-</u>

2. Cheques issued but not yet presented for payment

i) Rathore's cheque for	Rs. 7,000/-
ii) Ramesh's cheque for	Rs. 10,000/-
	<u>17,000/-</u>

3. M/s Sharma Store withdrew from bank for Personal use

Rs. 5,000/- but wrongly entered in the cash book as Rs. 500/- only.

4. Ram directly deposited in the bank Rs. 2,000/- of which no entry is made in the cash book.

5. As per standing orders, Insurance premium Rs. 500/- was paid by the bank of which no entry has been made in the cash book.

6. Bank charges Rs. 50/- has been debited by the Bank but in the absence of the information no entry was made in the cash book.

7. Interest Rs. 100/- was credited by the bank but in the absence of information this could not be entered in the cash book.

Books of
Sharma Store, Ajmer
Bank Reconciliation statement
as on 31st Jan., 1996

Particulars	Details Amount Rs.	Amount Rs.
Dr. Balance as per cash book		23,500
<u>Add:</u>		
i) Cheques issued but not yet presented for payment	17,000	
ii) Direct deposited into Bank by Ram	2,000	
iii) Interest allowed by Bank	<u>100</u>	
		19,100
		<u>42,600</u>
<u>Less</u>		
i) Cheques deposited into Bank but not yet collected	9,000	
ii) Insurance premium paid by Bank according to our standing orders.	500	
iii) Withdraw by Businessman sharma but an error in cash book	4,500	
iv) Bank charges charged by the bank	50	14,050
		<u>28,550</u>
Cr. Balance as per Pass book		

Three Column Cash Book

Alternative Approach

Three Column Cash Book						Cr.
Dr.					Cr.	
Date	Particulars	LF	<u>Amount</u>	Date	Particulars	LF
			<u>Disc.</u> <u>Cash</u> <u>Bank</u>			<u>Disc.</u> <u>Cash</u> <u>Bank</u>
1996				1996		
31Jan.	To balance b/r	11000	23500	31Jan.	By Insurance Prem A/c	- 500
31Jan.	To Ram's A/c		2000	31Jan.	By Bank charges A/c	50
31Jan.	To Interest A/c		100	31Jan.	By Drawings A/c	4,500
				31Jan.	By Balance c/r	11000 20550
<hr/>			11000 25600	<hr/>		
<hr/>			11000 25600	<hr/>		

Note : In the above solution entries which have been made by the Bank in the Pass Book/Statement upto 31st Jan., '96 have also been entered in the Cash Book on the same date. Thus the balance so arrived at is taken for preparing the Bank Reconciliation statement.

Sharma Stores Ajmer
Bank Reconciliation statement
As on 31st Jan., 1996

Particulars	Details Amount	Total Amount
Dr. Balance as per Cash Book		20,550
Add (i) Cheques issued but not yet presented for payment	17000	17,000
		<u>37,550</u>
Less: (i) Cheques deposited into Bank but not yet collected	9000	9,000
Dr. Balance as per Pass Book		<u>28,550</u>

PROBLEM II

From the cash book (Bank column only) and Pass book of M/s Anupam Electronics find out the causes of differences in balances of both books and prepare the Bank Reconciliation statement as on 31st Jan., 1996

<u>M/s Anupam Electronics</u>					
Dr. Cash Book (Bank column only)			Cr.		
Date 1996	Particulars	Amount (Bank) Rs.	Date 1996	Particulars	Amount (Bank) Rs.
Jan.1	To Balance b/d	3500	Jan.6	By Suraj(Cheque)	3200
"	To Mahesh(Cheque)	1200	Jan.10	By Purchases a/c (Cheque No.2346)	2800
Jan.5	To Cash A/c	750	Jan.20	By Mahendra (Cheque)	2000
Jan.7	To Narendra(Cheque)	1500	Jan.30	By Ganesh (Cheque)	600
Jan.25	To Shyam(Cheque)	400	Jan.30	By Cash A/c	1100
Jan.31	To Jagdish(Cheque)	1000			
Jan.31	To Mahesh(Cheque)	550			
Jan.31	To Balance c/d	800			
		<u>9700</u>			<u>9700</u>

State Bank of Bikaner & Jaipur

Pass Book of M/s Anupam Electronics

Date 1996	Particulars	Amount withdr- awal Dr.	Amount deposit ed Cr.	Dr. or Cr.	Balance Amount
Jan.1	By Balance b/d	-	3500	Cr	3500
Jan.2	By Mahesh's (cheque)	-	1200	Cr	4700
Jan.5	By Cash A/c	-	750	Cr	5450
Jan.6	To Suraj's cheque	3200	-	Cr	2250
Jan.10	To cheque No.2346	2800	-	Dr	550
Jan.15	By Rajesh's cheque	-	1700	Cr	1150
Jan.20	To Bank charges	25	-	Cr	1125
Jan.25	To Insurance premium	2400	-	Dr	1275
Jan.25	By Shyam's cheque	-	400	Dr	875
Jan.30	By Interest a/c	-	200	Dr	675
Jan.30	To To Cash a/c	1100	-	Dr	1775

CAUSES OF DIFFERENCES

1 Following cheques were deposited into Bank but not collected and credited upto 31st Jan.,1996.

Narendra's cheque of Rs.1500 dated 7th Jan.,1996.

Jagdish's cheque of Rs.1000/- dated 31st Jan.1996.Tapesh's cheque Rs.550/- dated 31st Jan.,1996.

2. Cheques issued to Mahendra & Ganesh on dated 20th and 30th Jan.,respectively for Rs.2000/- & Rs.600/- not presented for payment upto 31st Jan.

3. Mr. Rajesh directly deposited in the bank Rs.1700/- not entered in cash book.

4. Bank charges not entered in cash book Rs.25/-

5. Insurance premium paid by Bank not entered in cash book Rs.2400/-

6 Interest credited in Pass Book only Rs.200/-

Bank reconciliation statement as on 31st Jan.,1996

S.No. Particulars	Amount (+)	Amount (-)
Cr.Balance as per Cash book(Overdraft)		800
1.Three cheques of Rs.1500,1000 & 550 sent to Bank but not yet collected & credited		3050
2.Cheques issued Rs.2600/-not yet presented for payment	2600	
3.Directly deposited in bank by Rajesh not entered in Cash book	1700	
4. Bank charges not entered in Cash book		25
5.Insurance premium paid by Bank not entered in cash book		2400
6.Interest credited by Bank not entered in cash book	200	
Total:	4500	6275
Dr.Balance as per Pass book (Over draft)		1775

Problem III

(Problem based on different time period of Cash book & Pass Book)

Prepared Bank Reconciliation statement and find out the causes of difference from the given Cash Book and Pass Book of M/s Kamal Construction Co. as on 31st Jan., 1996.

M/s Kamal Construction Co.

Cash Book (Bank Column only)

Date 1996	Particulars	F. Amount No.	Date 1996	Particulars	F. Amount No.
Jan.1	To Bal.b/d	8000	Jan.4	By Suresh (Ch.No.471)	6000
Jan.2	To Sales(C.N.1031)	2000	Jan.8	By Purchases (Ch.No.472)	4000
Jan.15	To Manish(C.N.1032)	900	Jan.15	By Kishore (Ch.No.473)	3500
Jan.28	To Naresh(C.N.1033)	2500	Jan.21	By Sumit (Ch.No.474)	2000
Jan.30	To Interest A/c	50	Jan.25	By Insurance pr. (Ch.No.475)	1500
Jan.30	To Shyam(C.N.1034)	1700	Jan.28	By Mahesh (Ch.No.476)	5500
Jan.31	To Balance c/d	7350			
		<u>22500</u>			<u>22500</u>

State Bank of Bikaner & Jaipur
Pass Book of M/s Kamal Construction Co.

Date 1996	Particulars	Amount with drawal	Amount deposit	Dr. or Cr.	Balance Amount
Feb.1	To Balance b/d	4050		Dr	4050
Feb.1	To Sumit(Ch.N.474)	2000		Dr	6050
Feb.3	By Naresh(C.N.1033)		2500	Dr	3550
Feb.4	By Mahesh(C.No.476)	5500		Dr	9050
Feb.4	By Shyam(C.No.1034)		1700	Dr	7350

CAUSES OF DIFFERENCE

- 1 Cheque of Naresh Ch.No.1033 deposited in Bank for collection on 28th Now collected on Feb. 3rd i.e. not collected upto 31st Jan.,1996.
2. Shyam's cheque No.1034 deposited in Bank on 30th Jan. now collected on Feb. 4th, not collected upto 31st Jan.,1996.
- 3 Cheques issued on 21st and 28th Jan. respectively to Sumit and Mahesh worth Rs.2000/- and 5500/- presented for payment in the month of February.

Bank reconciliation statement as on 31st Jan.,199

S.No.	Particulars	Amount (+)	Amount (-)
	Cr.Balance as per Cash book(Overdraft)		7350
1.	Cheques of Naresh & Shyam deposited in Jan. not yet collected (2500+2700)		4200
2.	Cheque issued but not presented for payment upto 31st Jan.	7500	
		<u>7500/-</u>	<u>11550/-</u>
	Dr.Balance as per pas book(Overdraft)		4050

PRACTICE SET 8
Bills of Exchange

Guidelines for teachers:

1. The teacher should explain the need and utility of the documents contained in the Practice Set for motivating students to learn the basic ideas and also the practical aspect of Bills of Exchange.
2. The teacher should explain the basic concepts of Invoice, Negotiable instruments i.e. Bills of Exchange, Promissory Notes, B/R and B/P books, cash book etc.
3. The teacher should explain the procedure of making necessary entries in the books of Drawer & Drawee.
4. The teacher should develop the skill of recording entries in the Journal and posting them in ledger from the original vouchers and documents in the books of Drawer and drawee.

Hints for students:

1. There are seventeen vouchers in this practice set, count them.
2. Try to know the nature of transaction on the basis of vouchers contained in the practice set.
3. Try to pass the Journal entries in the books of the Drawer and Drawee.
4. Try to post these entries in ledger accounts.
5. After completion check your solution with the solution provided at the end of the Practice Set. In case of difficulty consult your teacher.

PROBLEM

Enclosed herewith are seventeen vouchers of M/s Sharma Furniture Emporium, Bapu Bazar, Udaipur. They are using the credit instruments like Bills of exchange in their Business. On the basis of these vouchers enter the transactions into Journal and post them in ledger.

Voucher No.1Invoice (Duplicate)

Sharma Furniture Emporium

No.520/88

Bapu Bazar, Udaipur

Tel.6228

15th June, 1995

Order No.1335/88

Dated 10th June 1995

M/s Ashawa Furniture House,
Raj Samand

S.No..	Particulars	Qty.	Rate Rs.	Details Rs.	Amount Rs.
1.	Chairs	25	100/_per chair	2500.00	
2.	Tables	25	110/per table	2750.00	
3.	Stools	100	25/_per stool	2500.00	
				<u>7750.00</u>	
	Less: Trade discount @ 10%			<u>775.00</u>	6975.00
	Add Packing etc.				25.00
	(Seven thousands only)				<u>7000.00</u>

Encl: 2

1. R/R

2. Bills of exchange

Note: Please return the bill duly accepted

E&OE

For Sharma Furniture Emporium

(RAJESH SHARMA)
Prop.

Voucher No. 2

BILL OF EXCHANGE

Rs. 7000/-
StampBapu Bazar, Udaipur
15th June, 1995Accepted
For Ashawa Furniture House,
Anil Gupta, Partner
18th June, 1995One month after date pay to us of our order a sum
of Rupees Seven thousand only value received.For Sharma Furniture Empor
RAJESH SHARMA
Proprietor

To

M/s Ashawa Furniture House,
Rajsamdnd (Udaipur)

	Inovice (Duplicate)	Voucher No
	Sharma Furniture Emporium	
No. 52	Bapu Bazar, Udaipur	
Tel. 6228	Dated: 20th June, 1995	
	Order No. 1242/88	
	Dated: 17 June, 95	

M/s Rathore Furniture Corner,
220, Gandhi bazar,
Mavli (Udaipur)

S.No.	Particulars	Qty.	Rate	Details	Amount
1.	Armed chair	10	50/- each	500.00	
2.	Sofa set	15	1200/each	18000.00	
3.	Dinning table with chairs	10	2000/per set	20000.00	
4.	Centre table	15	100/each	1500.00	
				<u>40000.00</u>	
	Less: Trade discount @ Rs. 10%			<u>4000.00</u>	
					36000.
	Add: Packing etc.				<u>2000.</u>
					<u>38000.</u>

Thirty Eight thousands only

E&O.E.
Encls: 4For Sharma Furniture Empori
Rajesh Sharma1. R/R
2. Bills of exchange 3

Prop.

Note: Please return the BE duly accepted

Voucher No.4

Bills of Exchange

Rs.8000/_Stamp

Bapu Bazar, Udaipur

Dated: 20th June, 1995

Accepted

For Rathore Furniture corner,
Ratan Singh Rathore

Proprietor

22.6.95

One month after date pay to us or our order a
sum of rupees Eight thousands only, Value received.

For Sharma Furniture Emporium

(RAJESH SHARMA)
Prop.To
M/s Rathore Furniture House,
220, Gandhi Bazar,
Mavli (Udaipur)

Bills of Exchange

Voucher No.5

Rs.10000/_Stamp

Bapu Bazar, Udaipur

Ratansingh Rathore, Proprietor 20th June, 1995

Accepted

For Rathore Furniture corner

22.6.95

Two month after date pay to us on our order a
sum of rupees ten thousand only, value received.For Sharma Furniture Emporium
Rajesh SharmaM/s Rathore Furniture Corner,
220, Gandhi bazar,
Mavli (Udaipur)

Proprietor

Bills of Exchange

Rs. 20,000/- Stamp

Voucher No. 6

Accepted

Bapu Bazar, Udaipur

For Rathore Furniture House

20th June, 1995

Ratan Singh Rathore
Prop.

22.6.95

Three months after date pay to us or our
order a sum of Rs. Twenty thousands only, Value received

For Sharma Furniture Emporia

(RAJESH SHARMA)
Proprietor

To

M/s Rathore Furniture Corner,
220, Gandhi Bazar,
Mavli (Udaipur)COPYSharma Furniture Emporium,
Bapu Bazar, Udaipur

To

The Manager,
Bank of Baroda,
Bapu Bazar, Udaipur

Dated 21st June, 95

Sub : Discounting of Bill of exchange.

...

Sir,

We are enclosing herewith a bill of exchange Drawn
on M/s Rathore Furniture Corner, 220 Gandhi bazar,
Mavli duly accepted by them for Rupees twenty thousand
only. Please discount it and credit the net proceeds in
our Account No. 3277.

Thanks,

For Sharma Furniture Emporia

(RAJESH SHARMA)
Proprietor

Encl: One B/E

Voucher No.7

Bank of Baroda
Bapu Bazar

Udaipur

To

Dated: 23rd June, 1995

Sharma Furniture Emporium,
Udaipur

Received your letter dated 21st June, 95 regarding
the bill of M/s Rathore Furniture Corner, Mavli

Bill Amount	20,000/-
Less: Commission (discounting of the bill) @12%p.a. for three months	600/-
	<u>19,400/-</u>

Net Proceeds rupees ninteen thousand fourhundred only
credited to Account No. 3277.

For bank of Baroda,

Manager

InvoiceVoucher No.8

Sharma Furniture Emporium

No.522

Phone: 6228

Order No.1436/88
Dated 22.6.95

Bapu Bazar, Udaipur

25th June, 1995

M/s Chauhan Furniture Mart,
Kankroli

S.No.	Particulars	Qty.	Rate Rs.	Details Rs.	Amount Rs.
1.	Sofa sets	10	600/per set	6000.00	
2.	Tea tables	10	50/per Table	500.00	
3.	Chairs	5	100/_per chair	500.00	
				<u>7000.00</u>	
	Less Trade discount @ Rs.10%			<u>700.00</u>	6300.00
	Add Packing expenses etc.				<u>50.00</u>
					6350.00

(Six thousand three hundred fifty only)

E&OE

Encls:3

For Sharma Furniture Emp.

(RAJESH SHARMA)

Proprietor

1)R/R (2)Bills of exchange_2

Note: Pl. return the bill duly accepted.

Bill of Exchange Voucher No.9

Rs.2350/- Accepted Bapu Bazar, Udaipur
Stamp

Dated: 25 June, 1995

For Chauhan Furniture Mart
(Anil Chauhan)
Partner
28.6.95

Two months after date pay to us or our order
a sum of rupees Two thousand three hundred fifty only
For Sharma Furniture Emporium

To (RAJESH SHARMA)
M/s Chauhan Furniture mart,
Kankroli Proprietor

Voucher No.10

Bills of Exchange

Rs.4000/- Bapu Bazar, Udaipur
Stamp 25th June, 1995

Accepted
For Chauhan Furniture Mart
(Anil Chauhan)
Partner
28/6/95

Three months after date pay to us or our order a
sum of rupees four thousand only, Value received
For Sharma Furniture Emporium

(Rajesh Sharma)
Proprietor

To
M/s Chauhan Furniture Mart,
Kankroli

PAY in SLIP

(Counterfoil)

Bank of Baroda, Bapu Bazar, Udaipur

Dated: 16th July, 1995

Name : Sharma Furniture Emporium,
Bapu Bazar, Udaipur

Credit Account No. 3277

Particulars	Rs.	P
Cheques : B.E. (Drawn on Ashaw Furniture House, Rajsamand)	7000.00	
Notes	7000.00	
Coins		

(Rupees seven thousands only)

Cashier

Manager

Voucher No. 11

Bank of Baroda
Bapu Bazar

Udaipur
Dated: 20th July, 1995

M/s Sharma Furniture Emporium
Bapu Bazar, Udaipur

Sub : Collection of B/E

Your B/E amounting Rs. 7,000/- (seven thousands only) due on 18th July, 1995 has been collected and credited in your account No. 3277. Collection charges rupees twenty five have been debited to your account also.

Yours faithfully
For Bank of Baroda

Manager

RATHORE FURNITURE CORNER

220, Gandhi Bazar, Mavli

M/s Sharma Furniture Emp.
Bapu Bazar, Udaipur.

Dt. 23rd July, 1995

Dear Sir,

We are sending herewith a crossed Bank draft No.
132456 dated 23rd July, 1995 drawn on Bank of Baroda

Udaipur for a sum of Rs. rupees Eight thousand only,
against your B/E for one M/D dated 20th June, 1995.

Please return the B/E.

Thanking you,

Yours faithfully
For Rathore Furniture Corner

VINOD KHANNA
Proprietor

Encl: 1

Voucher No. 12
(Counterfoil)

PAY IN SLIP
BANK OF BARODA, BAPU BAZAR

Udaipur

Dated 23rd July, 1995

Name: Sharma Furniture Emporium
Bapu Bazar, Udaipur

Credit SB A/c No. 3277

Particulars	Rs.	P.
Cheques/BE/Drafts No. 132456 ✓ Drawn on Bank of Baroda dated 23rd July, 1995	8000.00	
Notes		
Coins		
	<u>8000.00</u>	

(Rupees eight thousand only)

Sd/.
Cashier

Sd/.
Manager

CHAUHAN FURNITURE MART
KANKROLI

To Dated: 25th July, 1995

M/s Sharma Furniture Emporium
Bapu Bazar, Udaipur

Sub : Retiring B/E under rebate.

...

Dear Sir,

Please find herewith a cheque No. 03367 dated 25th July, 1995 for Rs. 2,300/- (Two thousand three hundred only) against your B/E dated 25th June, 1995 for Rs. 2350/- (Two thousand three hundred fifty).

For Chauhan Furniture Mart,

(ANIL CHAUHAN)
Partner

Encl: 1

<u>PAY IN SLIP</u> BANK OF BARODA Bapu Bazar, Udaipur	<u>Voucher No. 13</u> Dated: 26th July, 1995
Name: Sharma Furniture Emporium, Bapu Bazar, Udaipur	
Credit : A/c No. 3277	
<u>Particulars</u>	<u>Rs. P.</u>
1. Cheque No. 03368	2300.00
Note	
Coins	
	2300.00
Rupees two thousand three hundred only	
sd/. Cashier	sd/. Manager
Note: Signatures of Manager and Cashier are essential	

Voucher No.14

Sharma Furniture Emporium
Bapu Bazar, Udaipur

Dated the 16th Aug., 1995

To

M/s Rajasthan Furniture House,
Chaura Rasta,
Jaipur

Sub : Endorsement of the bill of Rs.10,000/- in your favour.

...

Dear Sir,

Please find herewith a bill of exchange for
Rs.10,000/- (Rs. Ten thousands only) drawn on M/s Rathore Furniture
Corner, Mavli due on 25th August, 1995 duly endorsed in
your favour.

Pl. credit in our account.

Encl: 1

For Sharma Furniture Emporium

RAJESH SHARMA
Proprietor

Voucher No.15

CHAUHAN FURNITURE MART, KANKROLI

To

Sharma Furniture Emporium
Bapu Bazar, Udaipur

Dated: 20th Sept., 1995

Sub : Request for the renewal of Bill before the due date.

...

Dear Sir,

Due to shortage of funds it is not possible for us
to meet the Bill of dated 25th June, 95 of Rs. 4000/-
on due date i.e. 28th Sept., 1995. Therefore, it is requested
to renew the bill for a further period of two months
including interest for the period Rs.100/-

For Chauhan Furniture Mart

(ANIL CHAUHAN)
Partner

Voucher No.16

BANK OF BARODA

Bapu Bazar, Udaipur

To

Dated: 23rd Sept., 1995

M/s Sharma Furniture Emporium,
Bapu Bazar, Udaipur

Sub: Dis-honouring of B.E.

Sir,

Your Bill of Exchange for Rs.20,000/- (Twenty thousand only) drawn on M/s Rathore Furniture corner, Mavli dated 20th June, 1995 has been dishonoured by them. We have paid Rs.50/- (fifty only) for noting charges and debited the same into your account No. 3277.

For Bank of Baroda

Sd/-
Manager

Voucher No.17Bill of Exchange

Rs.4100/-
Stamp

Accepted
For Chauhan Furniture Mart Bapu Bazar, Udaipur

Anil Chauhan 25th Sept., 1995
28th Sept., 1995

Two months after date pay to us or our order
a sum of rupees Four thousand one hundred only.
Value received.

For Sharma Furniture Emporium

RAJESH SHARMA
Proprietor

To
M/s Chauhan Furniture Mart,
Kankroli

Transactions on the basis of vouchers

1995

- June 15 Goods sold to Ashawa Furniture House,
Rajsamand Rs.7000/-
- June 18 Acceptance received from Ashawa Furniture House,
Rajsamand for one month Rs.7000/-
- June 20 Sold Furniture to Rathore Furniture Corner, Mavli
Rs.38000/-
- June 22 Three acceptances received from Rathore Furniture
Corner for one month Rs.8000/- for 2 months
Rs.10,000 for 3 months Rs.20,000/-
- June 23 Third bill of Rathore Furniture corner of
Rs.20,000/ discounted with the bank @ Rs.12% p.a.
- June 25 Goods sold to Chauhan Furniture Mart, Kankroli
Rs.6350/-
- June 28 Two acceptances received from Chauhan Furniture
Mart for 2 months Rs.2350/- and for 3 months Rs.4000/-
- July 16 Bill of Ashawa Furniture House, Rajsamand sent
to bank for collection Rs.7,000/-
- July 20 Bank informed that the bill has been collected
and charged Rs.25/- for collection.
- July 23 Bank draft received from Rathore furniture corner
against one month bill of Rs.8000/- and the same
was deposited into the bank.
- July 25 Cheque received from Chauhan Furniture Mart
Rs.2300/- against bill of Rs.2350/- retired under
rebate and the cheque was deposited into the bank.
- Aug. 16 The bill of Rathore furniture Corner Rs.10,000/-
endorsed in favour of Rajasthan Furniture house,
Jaipur.
- Sept. 20 Chauhan Furniture mart requested to renew the
bill of Rs.4000/- which was accepted.
- Sept. 23 Bank of Baroda informed that the bill of
M/s Rathore Furniture corner dated 20th June,
1995 Rs.20,000/- has been dishonoured by them
and noting charges paid by bank Rs.50/-
- Sept. 25 New acceptance received from Chauhan Furniture
Mart Kankroli Rs.4000/- including interest Rs.100/-

In the books of Drawer i.e. Sharma Furniture Emporium,
Udaipur

<u>JOURNAL</u>					
<u>Date</u>	<u>Particulars</u>	<u>L.F.</u>	<u>Amount</u>	<u>Amount</u>	
1995			<u>Rs.</u>	<u>Rs.</u>	
15 June	Ashawa Fur. House Dr. To Sales A/c (Being credit sales)		7000.00	7000.00	
18 June	B/R A/c Dr. To Ashawa Fur. House (Acceptance recd. for 1M/D)		7000.00	7000.00	
20 June	Rathore Fur. Corner Dr. To Sales A/c (Credit sales)		38000.00	38000.00	
22 June	B/R I A/c Dr. B/R II A/c Dr. B/R III A/c Dr. To Rathore Fur. Corner		8000.00 10000.00 20000.00	38000.00	
	(Received three acceptances for 1 M/D, 2 M/D & 3 M/D)				
23 Jun.	Bank A/c Dr. Discount A/c Dr. To B/R A/c (Bill discounted with Bank @ 12% p.a.)		19400.00 600.00	20000.00	
25 Jun	Chauhan Em. Mart Dr. To Sales A/c (Being credit sales)		6350.00	6350.00	
25 Jun	B/R I A/c Dr. B/R II A/c Dr. To Chauhan Em. Mart (Being two bills received for 2 M/D & 3 M/D respectively)		2350.00 4000.00	6350.00	
16 Jul.	Bills for coll. A/c Dr. To B/R A/c (Bent B/R for collection to bank)		7000.00	7000.00	
20 July	Bank A/c Dr. Trade Exp. A/c Dr. To Bills for collection A/c (B/R collected by bank and charged Rs. 25/- as collection charges)		695.00 25.00	7000.00	
23 July	Bank A/c Dr. To B/R A/c (Being bill met on due date)		8000.00	8000.00	

1995					
25 July	Bank A/c	Dr.	2300.00		
	Rebate A/c	Dr.	50.00		
	To B/R A/c			2350.00	
	(Being bill retired under rebate one month before)				
16 Aug.	Raj.Fur.House	Dr.	10000 .00		
	To B/R A/c			10000.00	
	(Endorsement made in favour of Rajasthan Fur.House)				
20 Sept.	Chauhan Fur.Mart	Dr.	4100.00		
	To B/R A/c			4000.00	
	To Interest			100.00	
	(Being bill cancelled for renewal)				
23 Sept	Rathore Fur.Corner	Dr.	20050.00		
	To Bank			20050.00	
	(Bill dishonoured and noting charges paid by bank)				
25 Sept.	B/R A/c	Dr.	4100.00		
	To Chauhan Fur.Mart A/c			4100.00	
	(Being B/R received with interest)				

Note: Packing charges included in sale.

Ledger of Sharma Furniture Emporium, Udaipur

Date	Particulars	LF	Amount	Date	Particulars	LF	Amount
<u>Ashawa Furniture House</u>							
June15	To Sales A/c		7000.00	June18	By B/R A/c		7000.00
<u>Sales A/c</u>							
				June15	By Ashawa FurH.		7000.00
				June20	By Rathore F.H.		35000.00
				June25	By Chauhan F.H.		6350.00
<u>B/R A/c</u>							
June18	To Ashwa F.House		7000.00	June23	By Bank A/c		19600.00
June22	To Rathore Fr.Cor.			"	By Dis.A/c		400.00
	I. 8000			July16	By Bank for		
	II 10000				Coll.of B/h		7000.00
	III 20000		38000.00	July23	By Bank A/c		8000.00
June25	To Chauhan Fur.House			July25	By Bank A/c		2300.00
	I 2350			July25	By Rebate		50.00
	II 4000		6350.00	Aug.16	By Raj.Fur.House		10000.00
Sept. 25	To Chauhan fur, Mart		4100.00	Sept.20	By Chauhan Fur.		
"					Mart		4000.00
<u>Rathore Furniture Corner</u>							
June20	To Sales A/c		38000.00	June22	By B/r I		8000.00
Sept23	To Bank A/c		20050.00	"	By B/r II		10000.00
				"	By B/R III		20000.00
<u>Bank A/c</u>							
June25	To B/R A/c		19400.00	Sept.23	By Rathore Fr.		
July20	To Bank for Coll		6975.00		Corner		20050.00
July23	To B/R A/c		8000.00				
July25	To B/R A/c		2300.00				
<u>Discount A/c</u>							
June23	To B/R A/c		600.00				
<u>Trade Expenses A/c</u>							
July20	To Bank for coll.						
	of B/R		25.00				
<u>Chauhan Furniture mart</u>							
July25	To Sales A/c		6350.00	June25	By B/r I		2350.00
Sept20	To B/R A/c		4000.00		By B/R II		4000.00
"	To Interest A/c		100.00	Sept.25	By B/R		4100.00
<u>Bill for Collection A/c</u>							
July16	To B/h A/c		7000.00	July20	By Bank A/c		6975.00
				"	By Trade ExpA/c		25.00

Rebate A/c

July25 To B/R A/c 50.00

Rajasthan Furniture House

Aug10 To B/R A/c 10000.00

Interest A/c

Sept.25 By Chouhan Fur. 100.00
Mart

PRACTICE SET 9

FINAL ACCOUNTS WITH ADJUSTMENTS

Guidelines for teachers

- 1 The teacher should explain the need and utility of documents contained in the Practice Sets thereby motivating students to learn the basic ideas and also the practical aspects of Final Accounts.
- 2 The teacher should explain the need for making necessary adjustments regarding pre-paid, outstanding, Depreciation, Bad debts, stocks, Discount etc. in the Final Accounts.
- 3 The teacher should explain the need and procedure of preparing the list of debtors and creditors.
- 4 The teacher should explain the procedure of making necessary adjustments in final accounts.
- 5 The teacher should develop the skill of preparing the Final Accounts after making all necessary adjustments.

Hints for students

- 1 There are three problems in this set.
- 2 There are thirty six, ten and five ledger accounts for the first, second and third problem respectively.
- 3 There are eleven vouchers for the first problem, count them.
- 4 In the first problem try to prepare Trial Balance, make necessary adjustments in the ledger accounts regarding the transactions taken place on the last day, prepare the lists of Debtors and creditors and prepare Trading and Profit & Loss Account and Balance sheet on the basis of Trial Balance and Adjustments.
- 5 In the second problem with the help of the information provided try to calculate the claim which the firm will make on the Insurance Company.
- 6 In the third problem, with the help of the information provided try to make necessary appropriations in the Profit & Loss account and show its effect on Balance sheet.
- 7 After completion check your solutions with the solutions provided at the end of each problem. In case of difficulty consult your teacher.

PROBLEM

Enclosed herewith are thirty six ledger Accounts and eleven vouchers of Rathore Cloth Store for the year 31st March, 1995. Prepare_

- i) List of debtors and creditors.
- ii) Trial Balance
- iii) Trading & Profit & Loss Account and Balance Sheet
- iv) Necessary ledger accounts after making adjustments.

Dr. Cash Account				Cr.			
Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
1994				1994			
Ap.1	To Capital A/c		45000	Ap.1	By Building a/c		8000
Jul15	To Jagdish Pd.		2000	Ap.20	By P&T		150
Aug14	To Comm.A/c		1000	May15	By Wages a/c		300
Dec15	To Hari Om		7000	May20	By Purchases a/c		4000
1995				Jun15	By Advt.A/c		1000
Jan18	To Ram Narayan		5000	July1	By Rent a/c		600
Feb15	To Dinesh		6000	July1	By Furniture		3000
				July1	By Salaries a/c		1200
				July15	By P&T		50
				Oct.1	By Rent A/c		600
				Nov.15	By Mohan Cl.st		3000
				1995			
				Feb.1	By Drawings a/c		3000
				Mar.1	By Rent A/c		1200
				Mar.31	By Salaries A/c		800

Dr.	Bank Account	Cr
-----	--------------	----

1994		1994
Ap.1 To Capital A/c	55000	Ap.5 By Machinery A/c
1995		5000
Jan1 To Bank Loan	25000	Ap.5 By Stationery A/c
		300
		Jul1 By Investment A/c
		10000
		Jul1 By Drawings A/c
		2000

Dr.	Purchases Account	Cr
Date	Particulars	JF Amount
		Rs.

1994		
Ap.5 To Shyam&Sons	3000	
May20 To Cash A/c	4000	
Aug25 To Mohan Cl.Store	10000	
1995		
Feb10 To Ram's A/c	15000	
Mar15 To Sohan& Co.	13000	

Dr.	Sales Account	Cr
	1994	
	Ap.12 By Mahesh&Bros.	2000
	Jun10 By Jagdish Pd.	6000
	Sep15 By Hari Om	8000
	Dec10 By Ram Narayan	10000
	1995	
	Jan22 By Dinesh	8000
	Feb15 By Harishanker	5000
	Mar10 By Rakesh Cl.Store	4000
	Mar20 By Suresh&Sons	7000

Dr.	Ram's Account	Cr.
1995		1995
Feb10 To Bills Payable A/c	5000	Feb10 By Purchases A/c
		15000

Dr.	Rakesh Cloth Store	Cr.
1995		
Mar.10 To Sales A/c	4000	

Dr.	Rent Account	Cr.
1994		
Jul1 ToCash A/c	600	
Oct1 To Cash A/c	600	
1995		
Mar1 To Cash A/c	1200	

Dr. Stationery Account				Cr.	
Date	Particulars	JF	Amount Rs.	Date	Particulars
1994					
Ap.5	To Bank A/c		300		
Dr. Investment Account				Cr.	
1994					
Jul1	To Bank A/c		10000		
Dr. Bank Loan's Account				Cr.	
				1995	
				Jan1	By Bank
					25000
Dr. Mohan Cloth Store				Cr.	
1994				1994	
Sep5	To Pur.Returns A/c	1000		Aug25	By Purchases A/c
Nov15	To Cash A/c	3000			10000
Dr. Sohan & Co.'s				Cr.	
1995				1995	
Mar22	To Pur.Returns A/c	2000		Mar15	By Purchases A/c
					13000
Dr. Postage & Telegram A/c				Cr.	
1994					
Ap20	To Cash A/c	150			
Jul15	To Cash A/c	50			
Dr. Advertisement Account				Cr.	
1994					
Jun15	To Cash A/c	1000			
Dr. Machinery Account				Cr.	
1994					
Ap5.	To Bank A/c	5000			
Dr. Bills Receivable Account				Cr.	
1995					
Feb.15	To Hari Shanker	2000			
Dr. Bills Payable Account				Cr.	
				1995	
				Feb10	By Ram's A/c
					5000
Dr. Purchase Returns Account				Cr.	
				1994	
				Sep5	By Mohan Cl.Store
					1000
				1995	
				Mar22	By Sohan&Co.
					2000

Dr.	Wages Account	Cr.
1994		
May15 To Cash A/c	300	

Dr.	Hari Om		Cr.
1994		1994	
Sep15 To Sales A/c	8000	Dec15 By Cash A/c	7000
		Dec15 By Bad debts A/c	1000

Dr.	Salaries Account	Cr.
1994		
Jul1 To Cash A/c	1200	
1995		
Mar31	800	

Dr.	Bad Debts Account	Cr.
1994		
Dec15 To Hari Om	1000	

Dr.	Commission Account	Cr
	1994	
	Aug14 By Cash A/c	1000

Dr.	Dinesh's Account		Cr
1995	1995		
Jan12 To Sales A/c	8000		
	Feb.15	By Cash A/c	6000

Dr.	Hari Shanker's Account		Cr.
1995		1995	
Feb.15 To Sales A/c	5000	Feb.15 By Bills Receivable	2000

Dr.	Suresh & Sons		Cr.
1995	1995		
May20	To Sales A/c	7000	May25 By Sales Returns A/c
			1000

Dr.	Sales Returns Account	Cr.
1995		
May25 To Suresh & Sons	1000	

Dr.	Ram Narayan		Cr.	
1994		1995		
Dec.10	To Sales A/c	10000	Jan18 By Cash A/c	5000
			Jan18 By Discount A/c	300

Dr.	Building Account	Cr.
1994		
Apr.1 To Cash A/c	8000	

Dr.	Jagdish Prasad	Cr.
1994		1994
Jun10 To Sales A/c	6000	Jul15 By Cash A/c 2000
		Jul15 By Discount A/c 200

Dr.		Drawings Account	Cr.
1994			
Jul1	Bank A/c	2000	
1995			
Feb1	To Cash A/c	3000	
Dr.		Discount Account	Cr.
1994			
July5	To Jagdish Pd.	200	
1995			
Jan18	To Ram Narayan	300	
Dr.		Shyam & Sons	Cr.
		1994	
		Ap5 By Purchases A/c	3000
Dr.		Mahesh & Bros.	Cr.
1994			
Ap.12	To Sales A/c	2000	
Dr.		Furniture Account	Cr.
1994			
Jul1	To Cash A/c	3000	
Dr.		Capital Account	Cr.
1994		1994	
Ap.1		Ap.1 By Cash A/c	45,000
		Ap.1 By Bank A/c	55,000

Firms Name : Rathore Cloth Store, Ajmer

Voucher No.1.

Date: 31.3.95

Particulars	Rs.	P
DEBIT		
Wages A/c	100.00	
CREDIT		
Outstanding wages a/c (Payment not make to Hari Ram)	100.00	

Approved by

Signature

Signature

Voucher No.2

Firms Name : Rathore cloth store, Ajmer

Date:31.3.95

Particulars	Rs.	P
DEBIT		
Prepaid salaries a/c	600.00	
CREDIT		
Salaries A/c (Paid salaries in advance for three months)	600.00	

Approved by

Signature

Signature

Voucher No.3

Firms Name : Rathore cloth store, Ajmer

Date:31.3.95

Particulars	Rs.	P
DEBIT		
Accrued Interest A/c	900.00	
CREDIT		
Interest A/c (Accrued interest on Investment)	900.00	

Approved by

Signature

Signature

Voucher No.4

Firms Name : Rathore cloth store, Ajmer

Date:31.3.95

Particulars	Rs.	P
DEBIT		
Commission A/c	200.00	
CREDIT		
Unearned commission A/c (Commission recd.related to next year)	200.00	

Approved by

Signature

Signature

Voucher No.5

Firms Name :Rathore cloth store,Ajmer

Date:31.3.95

Particulars	Rs.	P.
Debit -		
Drawings A/c	100.00	
Credit -		
Interest on Drawings A/c (Interest on drawings @ 5% p.a.is to be charged)	100.00	

Approved by

Signature

Signature

VOUCHER

Voucher 6

Firm's Name: Rathor- cloth store, Ajmer Dt. 31.3.95

Particulars	Rs.	P
DEBIT		
Provision for discount on creditors' a/c	900.00	
	<u>900.00</u>	
CREDIT : Profit & Loss A/c	900.00	
(Create provision for discount on creditors at 3% on 30,000/-))	<u>900.00</u>	

Approved by

Signature

Signature

VOUCHER

Voucher 7

Firms' Name :Rathore cloth store,Ajmer Dt. 31.3.95

Particulars	Rs.	P
DEBIT;Profit & Loss A/c		
	2550.00	
CREDITE		
Provision for bad & doubt feel debt a/c Rs.25500/-)	2550.00	
Total	<u>2550.00</u>	

Approved by

Signature

Signature

VOUCHERVoucher 8

Firm's Name : Rathore cloth store, AJMER Dt. 31.3.95

Particulars	Rs.	P
-------------	-----	---

DEBIT : Profit & Loss A/c	459.00	
---------------------------	--------	--

CREDIT:

Provision for discount on debtor's A/c

(Create PDL A/c @ 2% on net debtor's) 459.00

Approved by

Signature

Signature

VOUCHERVoucher 9

Firm's Name : Rathore cloth store, AJMER Dt. 31.3.95

Particulars	Rs.	P
-------------	-----	---

DEBIT: Depreciation a/c	700.00	
-------------------------	--------	--

CREDIT

Furniture A/c 300.00

Building A/c 400.00

(Depreciation charged @ 10% on furniture
and 5% on building)

Approved by

Signature

Signature

Voucher 10

Voucher

Firm's Name : Rathore cloth store, Ajmer

Date: 31.3.95

Particulars	Rs.	P
DEBIT: Interest on Capital a/c	5000.00	
CREDIT : Capital A/c	5000.00	
(Charged interest of Capital @ 5% p.a.)		

Approved by

Signature

Signature

Voucher 11

RATHORE CLOTH STORE

Dated : 31.3.95

List of unsold stock

S.No.	Particulars	Qty	Rate	Amount
1.	Pieces of shirting	30	Rs.22/_per	660.00
2.	Pieces of suitings	25	Rs.25/_per	625.00
3.	Long cloth No.10008	120mtr	Rs.17/_per	2040.00
4.	Popline (DCM)	50mts.	Rs.13/_per	650.00
Total:				<u>3975.00</u>

Signature

EXHIBITION : RATHORE CLOTH STORE
 TRIPAL BALANCE AS ON 31st March, 1995 (without adjustments)

Particulars	LF	Amount Dr.	Amount Cr.
1. Cash A/c		39100	
2. Bank A/c		62700	
3. Purchases A/c		45000	
4. Sales A/c			50000
5. Debtors A/c		25500	
6. Creditors A/c			30000
7. Rent A/c		2400	
8. Stationery A/c		300	
9. Investment A/c		10000	
10. Bank Loan		-	25000
11. Postage & Telegram		200	
12. Advertisement A/c		1000	
13. Machinery A/c		5000	
14. Bills Receivable A/c		2000	
15. Bills payable A/c			5000
16. Purchase Returns A/c			3000
17. Wages A/c		300	
18. Salaries A/c		2000	
19. Bad Debts A/c		1000	
20. Commission A/c		-	1000
21. Sales Returns A/c		1000	
22. Buildings A/c		8000	
23. Drawings A/c		5000	
24. Discount A/c		500	
25. Furniture A/c		3000	
26. Capital A/c			100000
Total:		214000	214000

Closing stock Rs. 3975/-

LIST OF DEBTORS

Name of Debtors	Amount
1. Mahesh & Bros.	2000
2. Ram Narayan	4700
3. Jagdish Prasad	3800
4. Dinesh	2000
5. Hari Shanker	3000
6. Suresh & Sons	6000
7. Rakesh cloth store	4000
Total:	25500

LIST OF CREDITORS

Name of creditors	Amount
1. Shyam & sons	3000
2. Ram	10000
3. Mohan cloth store	6000
4. Mohan & Co.	11000
Total :	30000

ADJUSTMENTS ON THE BASIS OF THE VOUCHERS

- 1 Wages Rs.100/- to be paid
- 2 Salaries Rs.500/- was paid in advance.
- 3 Interest earned on investment Rs.900/-
- 4 Commission received in advance Rs.200/-

contd...

- 5 Interest on drawings is to be charged @ Rs.5% p.a.
Interest on Rs.2000/- for nine months is Rs.75/- and
Interest on Rs.3000/- for two months is Rs.25/- The
total Interest to be charged will be Rs.100/-
- 6 Provision for Discount on creditors @ 3% on 30,000/-
- 7 Provision for bad & doubtful debts @ 10% on Rs.25,500/-
- 8 Provision for discount on Debtors @ Rs.2%. This provision
is to be made after making the provision for doubtful
debts i.e. on Rs.22,950/- (25,500 - 2550)
- 9 Provide depreciation on furniture @ 10% and on
Buildings @ 5%.
- 10 Interest on capital is to be paid @ 5%
- 11 Closing stock Rs.3975/-

Ledger Accounts

Wages Account

1994				1995		
May	To Cash a/c	300.00	Mar 31	By P&L A/c	400.00	
1995						
Mar	To outstanding wages	100.00				
		<u>400.00</u>			<u>400.00</u>	

Outstanding Wages Account

			1995		
Mar	To Bal. C/d	100.00	Mar 31	By wages a/c	100.00

Discount Account

1994					
Jul	To Jagdish Pd,	200	By P&L A/c	959.00	
1995					
Jan	To Ram Narayan	300			
Mar	To Provision for Discount a/c	459			
		<u>959.00</u>		<u>959.00</u>	

Provision for Discount on Debtors Account

1995				
Mar 31	To Bal C/d	459	Mar 31	By Discount A/c 459

Salaries Account

1994			1995	
Jul 1	To Cash A/c	1200	Mar 31	By Prepaid salaries 600
1995			"	By P&L A/c 1400
Mar 1	To Cash A/c	800		
		<u>2000</u>		<u>2000</u>

Prepaid Salaries Account

1995				
Mar 31	To Salaries A/c	600	Mar 31	By Bal C/d 600

Bad Debts Account

1994			1995	
Dec 15	To Hari om	1000	Mar 31	By P&L A/c 3550
1995				
Mar 31	To Provision for Bad debts A/c	2550		
		<u>3550</u>		<u>3550</u>

Provision for Bad & Doubtful Debts Account

1995				
Mar 31	To Bal c/d	2550	Mar 31	By Bad debts A/c 2550

Accrued Interest Account

1995				
Mar 31	To Interest A/c	900	Mar 31	By Bal C/d 900

Commission Account

1995			1994	
Mar 31	To Unearned comm.	200	Aug 14	By Cash A/c 1000
	To P&L A/c	800		
		<u>1000</u>		<u>1000</u>

Unearned Commission Account

1995				
Mar 31	To Bal C/d	200	Mar 31	By Commission A/c 200

Interest on Drawings Account

Mar 31	To P&L A/c	100	Mar 31	By Drawing A/c 100
--------	------------	-----	--------	--------------------

Interest A/c

1995				
Mar 31	To P&L A/c	900	Mar 31	By Accrued Int A/c 900

Drawings Account

1994			Mar. 31	By Capital A/c	5100
Jul 1	To Bank A/c	2000			
Feb 1	To Cash A/c	3000			
Mar 31	To Int. on Drawing A/c	100			
		<u>5100</u>			<u>5100</u>

Depreciation Account

Mar 31	To Furniture A/c	300	1995		
	To Building A/c	400	Mar 31	By P&L A/c	<u>700</u>
		<u>700</u>			<u>700</u>

Building Account

1994			Mar 31	By Dep. A/c	400
Ap. 1	To Cash A/c	<u>8000</u>	"	By Bal. C/d	<u>7600</u>
		8000			<u>8000</u>

Furniture Account

1994			1995		
Jul 1	To Cash A/c	3000	Mar 31	By Dep. A/c	300
			Mar 31	By Bal. C/d	2700
		<u>3000</u>			<u>3000</u>

Capital Account

1995			1994		
Mar 31	To P&L A/c	2234	Ap. 1	By Cash A/c	45500
"	To Drawings A/c	5100	1995	By Bank A/c	55,000
	To Bal. C/d	97666		By Int. on Capital A/c	<u>5,000</u>
					<u>1,05,000</u>

Interest on Capital A/c

Mar 31	To Capital A/c	5000	1995		
			Mar 31	By P&L A/c	5000

Provision for discount on creditors' A/c

1995			1995		
Mar 31	To Discount recd.	900	Mar 31	By Bal. C/d	900

Discount received a/c

1995			1995		
Mar 31	To P&L A/c	900	Mar 31	By Provision for Dis. on creditors	900
		<u>900</u>			<u>900</u>

Trading & Profit & Loss Account
Dr. For the year ending 31st March, 1995

Particulars	Amount	Particulars	Amount
To Purchases	45000	By Sales	50000
Less: Return	<u>3000</u>	Less: Return	<u>1000</u>
	42000		49000
To wages	300	By Cl. stock	3975
Add: Outstanding			
ing	<u>100</u>		
	400		
To Gr. Profit C/d	10575		
Total	<u>52975</u>	Total	<u>52975</u>
	=====		=====
To Discount	500	By Gross profit B/d	10575
Add: Provision		By Comm.	1000
for Dis.	<u>459</u>	Less: Unearned Comm	<u>200</u>
	959		800
To Salaries	2000	By Accrued Int.	900
Less: Prepaid	<u>600</u>	By Int. & Drawings	100
	1400	By Provision for	
To Bad debts	1000	discount on Cr.	900
Add: Provision		By Net loss	2234
for Bad D.	<u>2550</u>		
	3550		
To Postage & Telegram	200		
To Advertisement	1000		
To Rent	2400		
To Stationery	300		
To Dep. on Furniture	300		
To Dep. on Building	400		
To Int. on Capital	5000		
Total	<u>15509</u>	Total	<u>15509</u>
	=====		=====

Balance Sheet as on 31st March, 1995

Liabilities	Amount	Assets	Amount
Creditors	30000	Cash	39100.00
Less: PF Dis	<u>900</u>	Bank	62700.00
	29100	Investments	10000.00
Bank Loan	25000	Cl. stock	3975.00
B/P	5000	Debtors	25500
Capital	100000	Less: PF BD	<u>2550</u>
Add: Int. on			22491.00
Capital	<u>5000</u>	Less: P. For	<u>459</u>
	105000	Dis.	
Less: Net loss		Machinery	5000.00
2234		BA/R	2000.00
Draw. 5000		Building	8000
Int. <u>100</u>	<u>7334</u>	Less Dep.	<u>400</u>
	97666		7600.00
Unrecd. comm.	200	Furniture	3000
Outstanding wages	100	Less Dep.	<u>300</u>
			2700.00
		Accrued Int.	900.00
		Pre-paid salaries	600.00
Total	<u>157066</u>	Total	<u>157066.00</u>
	=====		=====

Problem 2:

On 31st March, 1996 the stock and Machinery of M/s Ram & Co. was burnt by the fire. The stock and the machinery was insured.

From the following ledger accounts and information of M/s Ram & Co. Calculate amount of claim that the firm will make on the Insurance Co.

		<u>Ledger</u>	
		<u>Stock a/c</u>	
1996			
Jan 1	To Bal. b/d	15000	
		<u>Machinery A/c</u>	
1996			
Jan 1.	To Bal.b/d	30000	
Feb 20	To Cash	10000	
		<u>Purchases A/c</u>	
1996			
Jan.1	To Cash	50000	
Feb 20	To Harish	10000	
Mar 15	To Cash	15000	
		<u>Sales A/c</u>	
		1996	
	Jan 15	By cash	40000
	Feb 20	By Ramesh	5000
	Feb 26	By Cash	20000
	Mar 28	By Cash	25000
		<u>Sales Ret.A/c</u>	
1996			
	To Ramesh	2000	
		<u>Purchases Ret.A/c</u>	
1996		1996	
	Mar 1	By Harish	3000
		<u>Charity A/c</u>	
1996			
Jan15	To Cash	3000	
Feb12	To purchases	2000	
		<u>Drawings A/c</u>	
1996			
Jan 2	To Cash	4000	
Feb 7	To Pu chases	3000	

<u>Wages A/c</u>		
1996		
Jan 17	To Cash	3000
Mar 15	To Cash	3000

Carriage on purchase A/c

1996		
Feb. 26	To Cash	500

His sales and profit^{is} as follows (in previous years):

	1993	1994	1995
Sales	50000	75000	60000
Profit	10000	11250	15000

..0..0..

SOLUTION

Trading A/c for the period of 1Jan.to 31st March, 1996

To Op.stock	15000	By Sales	80000	78000
		Less S/r	<u>2000</u>	
To Purchases	75000	By Closing stock		26100
Less:		(Bl. figures)		
P/R	3000			
Charity	2000			
Drawings	<u>3000</u>			
	8000			
	67000			
To wages	6000			
To Carriage on purchase	500			
To G.P. (20% on sales)	<u>15600</u>			
Total	<u>104100</u>	Total		<u>104100</u>

Calculation of claim

Goods destroyed	Rs. 26100 /
Machinery destroyed	Rs. 40000 /
Total claim Amt.	Rs. <u>66100/-</u>

Working note :

Rate of Gross profit calculated as follows:

1993	$\frac{10000 \times 100}{50000} = 10\%$	Ratio of rate of Gross profit
		$\frac{10+15+25}{3} = \frac{60}{3} = 20\%$
1994	$\frac{11250 \times 100}{75000} = 15\%$	
1995	$\frac{15000 \times 100}{60000} = 25\%$	

PROBLEM 3:

Some ledger accounts of M/s Anil Book Store are given on 31st March, 1996. He charged 20% profit on cost on his selling:

<u>Purchases a/c</u>			
1996			
Mar.31	To Cash	16000	
"	To Mohan	19,000	

<u>Wages A/c</u>			
1996			
Mar.31	To Cash	1500	

<u>Sales A/c</u>			
1996			
Mar 31	By Cash	30600	
	By Kishore	15000	

<u>Debtors' A/c</u>			
1995			
Apr.1	To Balance b/d	10000	
1996			
Mar.31	To Sales	2000	

<u>Opening stock a/c</u>			
1996			
Mar.31	To Bal.b/d	2000	

Closing stock as on 31st March, 1996 is 8000/-

Information:

Mr. Anil gave books worth Rs.600/- at Sales price on sale on approval basis to his friend but it was entered as Sales. No other information was supplied by his friend upto 31st March, 96. Make appropriate adjustment to prepare Trading A/c & show it in Balance sheet on 31st March, 1996.

SOLUTION

Books of M/s Anil Book Store

Trading A/c for the year ending on 31st March, 1996

Dr.				Cr
To opening stock	2000	By Sales	45600	
To Purchases	35000	Less: Sale on approval	<u>600</u>	45000
To Wages	5000			
To Gross profit c/d	11500	By closing stock	8000	
		Add: Sale on approval	<u>500</u>	8500
	Total: <u>53500</u>		Total	<u>53500</u>

Balance sheet as on 31st March, 1996

	Debtor's	12000	
	Less: Sale on approval	<u>600</u>	11400
	Closing stock	8000	
	Add: Sale on approval	<u>500</u>	8500

PRACTICE SET 10

CONSIGNMENT ACCOUNT

Guidelines for teachers

1. The teacher should explain the need and utility of the documents contained in the practice set thereby motivating students to learn the basic ideas and also the practical aspect of Consignment Account.
2. The teacher should explain the basic concepts of the agreement (which form the integral part of the practice set) between the consignor and the consignee, insurance, receipts, proforma invoice, Bills of exchange, Insurance claims, A/c sales and Inventory of stock etc.
3. The teacher should explain the procedure of making necessary entries in the books of Consignor and the Consignee.
4. The teacher should develop the skill of passing entries in the Journal and posting them to ledger from the original vouchers and documents.

Hints for Students

1. There are two problems in this Practice Set. The first problem contains twenty vouchers, while second contain two Account Sales, count them.
2. Try to know the nature of transactions on the basis of vouchers contained in the practice set
3. Try to pass the Journal entries in the books of the Consignor and the Consignee.
4. Try to post entries into the ledger accounts of the Consignor and the Consignee.
5. After completion check your solution with the solution provided at the end of the practice set In case of difficulty consult your teacher.

AGREEMENT

M/s Paltex Co., Bombay (herein after called as consignor) do hereby appoint M/s Mehta & Co., Jaipur (herein after called as consignee) as their sole selling Agent on the following terms and conditions:

1. That the Consignee shall be the sole Selling Agent of the Consignor for selling their products within the territory of Jaipur district in the State of Rajasthan.
2. That the Consignee shall deposit a sum of Rupees 10,000/- (Rupees Ten thousand Only) with the consignor as security deposit which shall be refundable only on the termination of this agency agreement. Half Yearly Interest @ 10% P.A. on this Security Deposit shall be payable by the Consignor to consignee Creditable on 30th June & 31st Dec. of every year .
3. That interest @ 6% P.A. shall be allowed by the consignor to the Consignee on the amounts advanced. Similarly an interest @ 6% P.A. shall be chargeable on any balance of payment due from either side.
4. That the consignee shall be authorised to sell the products of the consignor on cash as well as on credit basis.
5. That the Consignee shall be entitled to set a general commission @ 5% on gross sales and 1% extra commission on gross sales if the gross sales exceeds Rs. One lakh in any half year.
6. That the consignee shall also be entitled to receive Del Credere Commission @ 2% on gross sales.
7. That the consignee in discharge of their obligations shall be entitled to incur expenses on behalf of the

Consignor Subject to a maximum ceiling of 2% of gross sales. This ceiling will include expenses on advertisement, brokerage and Insurance. However the godown Rent and direct expenses shall be excluded from the aforesaid limit of ceiling.

8. That the consignor shall supply the material for sale to the consignee within a fortnight on receipt of written requisition order from the consignee. Documents shall be forwarded to the consignee through Bank against B/E payable at three months period for 40% of proforma Invoice price and 20% payment in cash through demand draft.

9. That the consignee shall regularly furnish to the consignor an Account sale in the first week of every month showing up_to_date position of the preceeding month.

10. That all disputes are subject to Bombay jurisdiction
Signed on this 25th date of Dec.1995.

Sd. H.K. Soni
1 Witness
(for consignor)

for paltex Ltd.
sd/_I.J. Dhawan
Managing Director

Sd/_ S.K.Sharma
2. Witness
(for consignee)

for Mehta & Co.
Sd/_ O.P.Sharma
Partner

MEHTA & COMPANY

(Selling & Commission Agent)

Gram_

Phone_

Code_

M.I.Road,
Jaipur.

Dated: 1st Jan., 1996.

M/s Paltex Ltd., Bombay.

Dear Sir,

We are Thankful to you for Our appointment as sole selling Agent. for Jaipur District. We are returning here with the agreement form duly signed by us. Please return one copy of this agreement after signing.

We are sending herewith a crossed Bank Draft No. 123458 dated 1st Jan., 1996 for a sum of Rupees Ten Thousand towards Security Deposit as per our agreement. Please send the stamped receipt for the amount of advance. We are enclosing herewith Indent No. 625 dated 1/1/96. An early execution of the same is requested.

Thanking you,

Encl. 2

Remark__ Accountant

For n/a

Paltex Company

Yours' Faithfully

For Mehta & Company

PARTNER

Cashier,

Pl. send the Draft for Collection.

sd/_

Acctt.

Noted: Draft sent for Collection and entered into Cash Book at page No. 22 & is send Receipt No. 456 dt. 5/1/96 therefor.

Sd/_

Cashier

The Bank of Rajasthan, Ltd.

Voucher No.1

Current A/c No. 5405 Date. 5.1.96

Name: M/s Paltex Ltd., Bombay

Particulars	Rs.	P
Cash		
Cheque/DD/etc No. C 123458 Drawn on Bank of Raj. Ltd.	10,000	00
Total Rs.	10,000	00

Rs. Ten Thousand only

Cashier

Manager

PALTEE LIMITED, BOMBAY

No.456

Dated: 5th Jan.1996

RECEIVED

Rs.10,000/- in words a sum of rupees Ten thousand only
by D/D No.C 123458

Dated 1st Jan.,1996

from

Mehta & Co., Jaipur as Security Deposit in respect of
Sole_Selling_Agency.

Rs.10,000

For Paltex Ltd.

Revenue
Stamp

S.L.Rao
Accountant

I.J. Dhawan
Managing Director

Entered the receipt in Cash Book at page No.22 and
posted into Ledger (Folio No.15)

Sd/-

RECEIPT

Dated: 5th Jan., 1996.

Received a sum of rupees five hundred only from
M/s Paltex Ltd., Bombay on account of carriage charges
for transporting of 1,000 tins of Soyabin oil from godown
to Railway Station.

Rs.500/-

Revenue
Stamp

Acctt./Cashier

For b/a

sd/_

Mohan Lal

sd/_

Paid Cash & entered on Page 22 of Cash Book & posted
at Page No.15 of Ledger in consignment A/c.

Voucher No. 4

K. Dalal & Co.
(Forwarding Agent)

Credit Memo
No.15369

288, Kalka Devi Road,
Bombay.
Jan., 5th 1996.

To,
M/s Paltex Ltd.,
Bombay.

Particulars	Rs.	Amount	F.
Forwarding charges for 1,000 Tins of Soyabin Oil from Bombay to Jaipur.	200.00		
	200.00		

Sd/_ K.Dalal
For: K. Dalal & Co.
Proprietor

Acctt.
Pl. Pass necessary Journal entry.
Sd/_
Entered on Page No.23 of Journal.
Sd/_

UNITED INDIA INSURANCE CO. Ltd.

ISSUING OFFICE ADDRESS

Regd. & Head Office

24, Whites Road, Madras_600014

Receipt NR/80 No.306486

Date 5/1/96

NAME OF THE INSURED/PARTY Paltex Ltd., Bombay

PARTICULARS OF PAYMENT		Rs.	Rs.
NOTES			
COINS			
CHEQUES	300		00
TOTAL	300		00
PREMIUM			
& S.D.			
EXCESS			
COLL			
OTHERS			
TOTAL	300		00

RECEIVED WITH THANKS

A SUM OF RUPEES (in words) Three hundred only

By CHEQUE No. Dj 994125

DRAWN ON S.B.I. Bombay.

DATED 5/1/96 Towards Misc PREMIUM & S.D. IN RESPECT OF

PCY/END/CERT No. Paltex Ltd. Bombay.Goods sent vide
CMT/BG/CD/Other

R.R. No. A 44/605 from M/s Paltex Ltd, Bombay s. oil 1,000
Tins to Mehta & Co. Jaipur.

For: UNITED INDIA INSURANCE CO. LTD.

CASHIER'S
INITIALS

AUTHORISED SIGNATORY

Receipt Valid Subject to Realisation of Cheque

Acctt/Chashier For n/a

Sd/-

Paid & entered at page No 22 of C/B

WESTERN RAILWAY

W.R.

COLLECTORIAL DEPT.

No.....

Money Receipt

Dated 5th Jan., 1996

Division Bombay

Receipt

Station
Stamp

Received from Faltex Ltd., the sum of

Rs. (in words) Four thousand only on account of the particulars noted below:

Signature.....

Designation.....

Description of Goods or other particulars	Invoice/P.W. Bill/ Ticket		Station From/to	R.R. No.	Freight or Fare Rs. P.	Other Charges Rs. P	Total Rs. P.
	No.	Date					
1,000 tins S.Oil	351	5th Jan. 1996	Bombay to Jaipur	A 441 605	4,000	NIL	4,000

Notes: (1) This receipt for charges paid will be given, if required, at the time of payment.
Complaint of over charges or other irregularities should be addressed to the Div.
Com. Supdt.

(11) Class and description of tickets must be known in the column along with members.

PROFORMA INVOICE

PALTEX LIMITED

Phone__334567

Gram__ 'CAL'

Code__ 'ABC'

To, .

M/s Mehta & Company
M.I. Road,
Jaipur.

14, D.D. Sathe Marg,
Bombay.
Dated 5th Jan., 1996.

Order No. 625
Invoice No. 351

Quantity	Particulars	Rate Rs.	Amount		Total
			Rs.	P.	
1,000 Tins	Soyabin Oil	300 Per Tins	3,00,000.00		
	Add Expenses_				
	Carriage			500.00	
	Insurance			300.00	
	Freight			4000.00	
	Forwarding Expenses			200.00	3,05,000.00

E & O.E.

For: Paltex Limited

Note: Soyabin Oil Tin containina
10 litres per tin

Sd/_

Instructions for Accountant :

Manager

Entry is to be recorded at cost Price.
Invoice Price Rs. 3,00,000 has been arrived
at by adding 25% of cost price as profit.

Sd/_

Manager

Entered into Ledger at Folio No. 15 consignment A/c.
Goods sent on Consignment A/c & passed formal entry at
page No. 23.

Sd/_

INTIMATION MEMO

170
Voucher No. 8

Form No. ICB-1 SUNDAY I.B.C. VOUCHER
G/L D/D Issued A/c
Pay Slip Issued A/c. No.

Original
CENTRAL BANK OF INDIA
BOMBAY

CREDIT VOUCHER

S.I.B.C.No. _____
Sender's Ref. No
CL/1996/1

Bill Intimated on _____

BILL DRAWN ON
M/s Mehta & Co., Jaipur

Bill Realised
on _____

DRAWN BY
M/s Paltex Ltd., Bombay

D.L. Issued in Favour of:
M/s Paltex Ltd, Bombay

LEAFLET ISSUED

D.L. & M.T. No. Printed No.

Address:
14, D.L. Sathe Marg,
Bombay.

on our Office at _____

(1) Documents-- Your Bill Amount
(2) Overdue Interest @ % P.A.
(3) S.T. Form 'C' required
of Forwarded
Rupees Sixty one thousand only
Acctt. Pl. Enter into C/B Sd/

61000	00	D/D Issued A/c
		P.L. Commission
		P.L. Postage
61000	00	Total
		Accountant

Entered into C/B at Folio No. 22

Sd/

Voucher No 9

PALTEX Ltd.

14, D.D. Sathe Marg, Bombay.

Revenue
Stamp

5th Jan., 1996.

Rs. 1,22,000/-

Three months after date pay to us or order a sum of
Rs. One lakh twenty two thousand, for value received.

For PALTEX Ltd.

sd/_

To,
M/s Mehta & Co.,
M.I. Road,
Jaipur.

Accepted
For Mehta & Co.,
Jaipur.
Dated: 8.1.96

Acctt.

Pl. enter into journal & post it into A/c

sd/_

entered into journal at Page 23 & Ledger at Folio No. 15
B/R at M/s Mehta & Co. Personal A/c.

WESTERN RAILWAY, JAIPUR

No.E/Com./claims/82

Dated: 9.1.96

This is to certify that out of 1,000 tins of oil sent by M/s Paltex Ltd., Bombay to M/s Mehta & Co., Jaipur vide R/R No.A 441605 dated 5/1/96 Bombay to Jaipur. 5 tins were delivered short out of the consignment, the same being lost in transit.

(Signature)

SS/JP.

Acctt.

Pl. Calculate Abnormal Loss.

Sd/_

Voucher No.11PALTEX Ltd., Bombay

Statement of Abnormal Loss

.....
 Vide letter No.....dt.....
 of M/s Mehta (Brothers) & Co., Jaipur, 5 tins of oil
 lost in transit.

Cost of 5 Tins	<u>2,40,000</u>	X 5	Rs.
	10 00		1200

Proportionate district expenses incurred.	Rs.	
	5,000	X 5
	10 00	
		25

Rs.	5,000	X 5	Invoice No.....
	10 00		

Dt.....

Rs.1225

Entered into journal at Folio No.23

Sd/_

The United India Insurance Co.Ltd.
(Regd. & Head Office: 'SIAC BL DG', White Road,
MADRAS_600014

Misc. CLAIM FORM

Policy No. 003070 Sum Insured Rs.3,05,000
Name of Claimant Paltex Ltd.
Address 14,D.D.Sathe Marg, Bombay
Description of goods and details of packing 5 tins of s. oil
B/L. R/R, GCN, etc No. and date A 44/605 dt.5.1.96
Name of Vessel and/or Conveyance Western Railway
From Bombay
To Jaipur
Date of arrival of vessel/goods at destination 8.1.1996
Date on which application was given to Railway
Authorities for issue of shortlanding certificate ---
External condition of the goods at the time of taking
delivery ---
Date of application for Survey/Open delivery
by Carriers 6.1.1996
Date survey held/open delivery obtained 9.1.96
Who made the survey/assessment The Store keeper,
Western Rly,Jaipur.
Date on which delivery was taken 9.1.96
Date of arrival of goods at final warehouse ---
Date of examination of contents in final warehouse ---
Name of consignor in the R.R./G.C.N. Paltex Ltd.
14,D.D.Sathe Marg, Bombay
Name of Consignee in the R.R./G.C.N. Mehta & Co., Jaipur
In whose favour was the R.R./G.C.N. endorsed ? Mehta & Co,
Jaipur
What risk notes, if any, were executed at the
time of booking ? at the owners
risk
Has the value of the goods been paid to the Vendors ?
If so, When ?
Details of loss/damage Rs.1225/-

Signature(.....
For: Paltex Ltd.
Self (Nandi)
Manager

174

Voucher No.13

MARINE NR/81

No.

10th Jan., 1996

UNITED INDIA INSURANCE CO. Ltd.

Regd. Office: SIAC Building, 24, Whites Road, Madras_600014

Policy No. 003070

Acceptance Advice Bill No..... Endorsement No.....

.....Dr.

To, United India Insurance Co. Ltd.

Branch/Divisional Office Bombay

(Code No. XTP)

For Premium Marine Policy numbered as above

	Rs.	P
Per 5 Tins of s. oil lost in transit on 5th Jan., 1996	1,000	
From Bombay		
To Jaipur		
Amount Insured Rs. 305000/- @ Ex.....		
Marine Rs. @ Ex.....		
War/SRCC Risks Rs. 305000/- @ Ex.....		
Marks KJCT		
Policy Stamps Yes.	1,000	

Date: 10.1.96

Sd/_

Payment RECEIVED

Cash
Cheque
Deposit
αB.G.

Signature

Receipt No.

Debit Memo No.

Cashier

Acctt.

Pass a journal Entry Sd/_

Entered at Page No. 22 of journal

Sd/_

For: Paltex Co.

175

Voucher No.14

The Bank of Rajasthan, Ltd.

Current A/c No. 5405

Date 18.1.96

Name: M/s Paltex Ltd., Bombay

Particulars	Rs.	P
Cash		
Cheque/DD/etc. No. 869065 Drawn on SBI Bombay	1,000	00
Total Rs.	1,000	00

Rs. One Thousand only

Cashier

Manager

ICB_1 BRANCH I.B.C.

CREDIT VOUCHER

B.I.B.C. No. Voucher Date
 Bill drawn on M/s Mehta & Co., Jaipur
 Bill drawn by M/s Paltex Ltd, Bombay

S.T. Form 'C' required.

Rupees One Lakh twenty thousand
one hundred seventy

175

Voucher No. 15

CENTRAL BANK OF INDIA

(Head Office: Mahatma Gandhi Road, Bombay 1)

Branch Name & Address	Johri Bazar (Jaipur)	
Party intimated on	20.1.81	
Documents		
Bill Received from	M/s Paltex Ltd., Bombay	
Sending Branch	Branch	
VED/BP/.BC No. A/c No. 5405		
Bill of Amount	Rs.	P
	1,22,000	00
Our Discount	1,830	00
Overdue Interest @ from due date or presentation		
Credit Proceeds of I.B.C. A/c.	1,20,170	00

Cashier -- Pl. Enter into C/B Sd/ -- Accountant
 Entered into C/B at Folio No. 22 Sd/ --

Account Sale
 Mehta & Co.
 Sole Selling Agents.

Gram_Mehta
 Phone_4542
 Code_ABC code.

M.I. Road,
 Jaipur.
 1st June, 1996

Ref.No.598

Statement showing material received & sold on behalf
 of M/s Paltex Ltd., Bombay.

Quantity	Particulars	Rate Rs.	Amount Rs. P.	Total Rs.
900 Tins	Soyabin Oil Rs.350/-	350/-		3,15,000
	Less Clearing charges		100	
	Octroi		995	
	Carriage		4975	
	Godown Rent		<u>430</u>	<u>6,500</u>
				3,08,500
	Less Commission_			
	General Commission 5%		15,750	
	Extra Commission 1%		3,150	
	Decried.Commission 2%		<u>6,300</u>	<u>25,200</u>
				2,83,300
	Less Advance_			
	B/R		1,22,000	
	Demand Draft		<u>61,000</u>	<u>1,83,000</u>
	Balance			1,00,300
	One tins completely leaked and 5 tins lost in transit out of 1,000 tins consigned.			

E & O.E.

For : Mehta Brothers
 Sd/_
 Partner

Acctt.

Pl. enter into journal Sd/_

Entered at Folio No.23/24 of the journal. sd.

Voucher No.17

Original

Statement of Interest

Payable

Date: 30.6.96

1. Int. On Sec. Dep. of Rs.10,000/-
 @ 10% per six months
 Jan. to June 1996 500/-
2. Int. On Adv. through
 Demand Bill of Rs.61,000/- 1,830/-
 Jan. to June,1996 @ 6%
3. Int. On Adv. through B/E for 1,22,000/-
 of three months tenure @ 6% 1,830/-
4. Int. on Exp. & Com for 1 month 159/-

4,319/-

Receivable__

Int. on Sale
proceeds

1,575/-

Bal. Payable

2,744/-

Acctt.
^{make}

Please/necessaty entries

Sd/-

Entered into journal at Folio No.24

Sd/-

Voucher No.18

Mehta & Co.

Phone__

Gram__

Code__

M.I.Road,

Jaipur

Date 30.6.96

Ref. No.MC/1996/1

To,
M/s Baltex Ltd.,
BOMBAY

Dear Sir,

We are remitting here with a sum of Rs. 97,556.00
through the enclosed crossed Cheque No.059330 Date 30.6.96
to settle the accounts in respect of Account Sale No.598
Dt. 1.6.96.

Please send the receipt of the same.

Thanking you

Yours faithfully

For Mehta & Co.

Sd/_

Partner

Encl. One (Cheque)

Acctt./Cashier

Pl. enter into C/B

& send for Collection.

Sd/_

Entered into C/B at Folio No.22 & sent
Collection today.

Sd/_

Voucher No. 19

The Bank of Rajasthan, Ltd.

Current A/c No.5405

Date 30.6.96

Name : M/s Paltex Ltd., Bombay

Particulars	Rs.	P
Cash		
Cheque/DD/etc. No. 5930	97556.50	
Drawn on.....		
Total Rs.	97556.50	

Rs. Ninty seven thousand five hundred fifty seven
& fifty only

Cashier Manager
Note: Signatures of both cashier and manager are essential.

Voucher No.20

Statement of Stock

Articles	Qty.	Cost	Exp.	Total
Soyabin oil	1,000 tins	2,40,000	5,000	2,45,000
Less Abnormal Loss.	5 tins	1,200	25	1,225
	995 tins	2,38,800	4,975	2,43,775
Less Normal Loss.	1 tins			
	994 tins	2,38,800	4,975	2,43,775
Add Consignees Exp.			6,070	
			11,045	2,49,845
Less Goods Sold	900 tins			2,26,218
Stock with Agent	94 tins			23,627

Acctt.

Please make necessary journal entry.

sd/_

Entered in journal at Folio No. 24

sd/-

(Accountant)

TRANSACTIONS ON THE BASIS OF THE VOUCHERS

M/s Paltex Co. Ltd. Bombay appointed M/s Mehta & Co. Jaipur as their Sale selling agent. The terms and conditions were decided and the agreement was signed by the two parties. Transactions which took place between them are as follows :

On Jan. 5th 1996

- a) Paltex Co. received a draft of Rs.10,000 from Mehta & Co. as Security amount and deposited in the bank on the same date.
- b) Paltex Co. ~~xxx~~ consigned 1000 tins of Soyabin oil to Mehta & Co. with proforma Invoice @ Rs.300/- per tin which was 25% more than the cost.
- c) Following expenses were incurred by Paltex Co. on consignment.
 - i) Carriages Rs.500/- paid in cash.
 - ii) Forwarding charges Rs.200/- credit to K. Dalal & Co.
 - iii) Insurance charges Rs.300/- paid by cheque
 - (iv) Railway freight Rs.4000/- paid by cheque

On Jan. 8th 1996

Paltex Co. received draft of Rs.61000/- and a bill of exchange amounting Rs.1,22,000/- for three months duly accepted by Mehta & Co.

On Jan 9th 1996

Railway issued certificate for loss in transit of 5 tins.

On Jan. 10th 1996

Paltex Co. calculated loss amounting Rs.1225/- as abnormal loss and claimed to Insurance Co. which was partly accepted and paid Rs.1000/- through cheque. On same date the cheque was deposited in the bank.

contd..

On Jan. 20th 1996

Bills of exchange received on 8th Jan. amounting Rs. 1,22,000/- is discounted through Central Bank at a discount Rs. 1830/-

On June 1st 1996

Mehta & Co. sent account of sales giving following information_

- i) 900 tins of oil sold @ Rs. 350/- per tin
total amounting Rs. 3,15,000/-
 - ii) Expenses incurred by consignee (Mehta & Co.)
clearing charges Rs. 100/-
Octroi Rs. 995/-
Carriages Rs. 4975/-
Godown rent Rs. 430/-
Total amount Rs. 6500/-
 - iii) Commission charged by Mehta & Co.
General commission 5% Rs. 15750/-
Extra commission 1% Rs. 3150/-
Del credere commission 2% Rs. 6300/-
25200/-
 - iv) He informed leakage of oil (Normal loss) one Tins
- On June 30th, 1996

Net Interest payable to Mehta & Co. Rs. 2744/- and received a cheque of balance amount Rs. 97556/- which was deposited in the bank.

Stock with agent on 30th June, Rs. 23627/-

Books of Paltex Co. Bombay
Journal

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Date	Particulars	L.F.	Amount Dr.	Amount Cr.
1995 Jan. 5	Bank A/c Dr. To Security deposit a/c of Mehta & Company (Advance received security deposit)		10,000	10,000
"	Consignment A/c Dr. To Cash A/c (Paid carriage charges for transporting 1000 tins to Jaipur)		500	500
"	Consignment A/c Dr. To K. Dalal & Co. (Forwarding charges incurred)		200	200
"	Consignment A/c Dr. To Bank A/c (Insurance Premium paid by cheque)		300	300
"	Consignment A/c Dr To Bank A/c (Railway Freight Paid)		4,000	4,000
"	Consignment A/c Dr To Goods sent on Consign- ment A/c (Goods sent on consignment)		2,40,000	2,40,000
"	Bank A/c Dr B/R A/c Dr To Mehta & Co. A/c (Bill & Bank draft received as per agreement)		61,000 1,22,000	1,83,000

Date	Particulars	L.F.	Amount Dr	Amount Cr
Jan.40	United India Insurance A/c Dr. Profit & Loss A/c Dr To consignment A/c (Abnormal loss of 50 times claim accepted by Insurance Co.Rs1000/- and rest is abnormal loss)		1000 225	1225
Jan18	Bank A/c Dr. To United India Ins.Co. (Claim Received)		1000	1000
Jan20	Bank A/c Discount A/c To B/R A/c (Bill discounted from bank)		120170 1830	122000
June1	Mehta & Co. To Consignment A/c (Sale proceed)		315000	315000
June1	Mehta & Co. Dr. To Consignment A/c (Expenses & commission charged)		31700	31700
June30	Consignment A/c Dr. To Mehta & Co. (Interest charged)		2744	2744
June30	Bank A/c Dr. To Mehta & Co. (Balance amount received)		97556	97556
June30	Stock with Agent A/c Dr. To consignment A/c (Stock with agent calculated)		23630	23630
June30	Consignment A/c Dr. To P&L A/c (Profit on consignment transferr ed to P&L A/c)		60408	60408
June30	Goods sent on Consignment A/c Dr. To Trading A/c (Account transferred to Trading Account)		240000	240000

Date	Particulars	JF	Amount	Date	Particulars	JF	Amount
------	-------------	----	--------	------	-------------	----	--------

Consignments Account; Mehta & Company

June 1 To consignment A/c 315000

Jan. 5	By Bank A/c	61000
Jan. 5	By B/R A/c	122000
June 1	By Consignment	31700
June 30	By consignment	2744
	By Bank A/c	97556

315000315000Consignment A/c

Jan. 5	To Good sent on consignment	240000	Jan. 10	By Ins. Co.	1000
"	To Cash	500	"	By P&L A/c	225
"	To K. Dalal	200	June 1	By Mehta & Co.	315000
"	To Bank	300	"	By Stock with agent	
"	To Bank	4000		<u>2.49x845x94</u>	
June 1	To Mehta & Co. (Exp. & Com.)	31700		994	23627
June 30	To Mehta & Co (Int)	2744			
"	To P&L A/c	60408			
		<u>339852</u>			<u>339852</u>

Goods sent on consignment A/c

June 30	To Trading A/c	240000	Jan. 5	By consignment	240000
---------	----------------	--------	--------	----------------	--------

Stock with Agent A/c

June 30	To consignment	23627	June 30	By bal. c/d	23627
---------	----------------	-------	---------	-------------	-------

Security deposit a/c (Mr. Mehta & Co.)

1996			1996		
June 30	To Balance c/d	10000	Jan. 5	By cash	10000

Mehta & Co.
Journal

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Date	Particulars	LF	Amount	
			Dr.	Cr.
1995 1 Jan.	Security deposit a/c to Peltex Co.'s A/c Dr. To Bank A/c (Bank draft sent to Paltan Co. as security deposit)		10000	10000
5 Jan.	Peltex Co.'s A/c Dr. To Bank A/c To B/P A/c (sent to Bank draft & Acceptance as per agreement)		183000	61000 122000
1 June	Cash A/c Dr. To Paltex Co.'s A/c (For goods sold)		315000	315000
1 June	Paltex Co.'s A/c Dr. To Bank A/c To Commission A/c (Paid expenses & charged commission)		31700	6500 25200
30 June	Paltex Co.'s A/c Dr. To Interest A/c (Interest charged as per agreement)		2744	2744
30 June	Paltex Co.'s A/c Dr. To Bank A/c (Final payment paid)		97556	97556

Paltex Co's Account

Date	Particulars	Amount	Date	Particulars	Amount
1995			1995		
			1 Jun	By Cash a/c	315000
5 Jan	To Bank A/c	61000			
"	To B/P A/c	122,000			
1 Jun	To Bank A/c	6,500			
	To Commission a/c	25,200			
30 June	To Int. A/c	2744			
30 June	To Bank A/c	97556			
		<u>315,000</u>			<u>315000</u>

Dr.	Security deposit a/c (Peltex Co.)	Cr
1995		1995
June 30	To Bank 10000	June 30 By Balance c/d 10000

PROBLEM 2

M/s Umaid Mills Pali consigned goods to M/s Rajasthan Agencies. The Proforma Invoice of the M/s Umaid Mills Ltd. Pali and Account Sales of Rajasthan Agencies Jodhpur are given below:

Umaid Mills Ltd.
Proforma Invoice

Telephone : 50640
Telegram : UMAID
No. 786

Pali (Raj.)
July 1, 1996

Goods consigned to :
Rajasthan Agencies Nai Sarak Jodhpur (Raj.)

S.No.	Particulars	Qty	Rate	Amount
01	Suiting No.121	600 Mts	150/- P.Mt.	90,000/-
02	Shirting No.222	600 Mts	100/- P.Mt.	60,000/-
				1,50,000/-
	Add:Packing exp.			500/-
	Excise duty			1,500/-
	Rly.Freight			1,000/-
	H.R.No.34256			1,53,000/-
E.&O.E. ----- For Umaid Mills Ltd. -----				
			Sd/	
			Sales Manager	

Rajasthan Agencies
ACCOUNT SALES

Telephone : 5670
Gram : Raj.

Nai Sarak, Jodhpur
31st December, 1996

Statement showing material received and sold on behalf of
M/s Umaid Mills Ltd.

PALI (Raj.)					
S.No.	Particulars	Qty.	Rate	Amount	
			Rs.	Detail	Net Rs.
01	Suiting No.121	500 Mts.	200/- P.Mt.	1,00,000	
02	Shirting No.222	400 Mts	150/- P.Mt.	60,000	1,60,000
	Less:Commission			8,000	
	Octroi			500	
	Insurance charges			200	
	Selling expenses			200	8,900
					1,51,100
	Less:D.D.No.43210 (In Advance)				50,000
					1,01,100

(Enclose D.D.No.67543 Dated 31st Dec., 1996 of Rs. one lac
one thousand one hundred only).

E&OE

For Rajasthan Agencies
Sd/
Partner

£ -----
Make necessary journal entries and prepared ledger Accounts
in the books of Consignor and consignee.

Transactions on the basis of the vouchers

M/s Umaid Mills Ltd. Pali consigned goods to M/s Rajasthan Agencies, Jodhpur worth ₹.1,50,000/- and incurred following expenses as per proforma invoice:

Packing expenses	Rs.500/-
Excise duty	Rs.1500/-
Railway freight	Rs.1000/-

The consignee remitted a bank draft worth ₹.50,000/- as an advance to the consignor.

The consignee incurred following expenses on the goods.

Insurance charges	Rs.200/-
Selling expenses	Rs.200/-
Octroi	Rs.500

The consignee remitted demand draft after deducting expenses and commission ₹.8000/- to M/s Umaid Mills Ltd. Pali.

Make necessary Journal entries and prepare ledger A/cs in the books of consignor and consignee.

Solution

In the book of Umaid Mills Ltd. Pali

Journal Entries

Date	Particulars	J.F.	Amount	
			Dr.	Cr.
1996 July 1	Consignment A/c Dr.		150000/-	
	To Goods sent as consignment A/c			150000/-
	(Goods sent on consignment)			
"	Consignment A/c Dr.		3000/-	
	To Bank/Cash a/c			3000/-
	(Being expenses as consignment paid)			
"	Bank A/c Dr.		50000/-	
	To Rajasthan agencies			50000/-
	(Cash received from consignee as advance)			

1996				
Dec.31	- Rajasthan Agencies	Dr.	160000	
	To Consignment a/c			160000
	<u>(Goods sold by consignee)</u>			
"	Consignment a/c	Dr.	900	
	To Rajasthan agencies			900
	<u>(Exp. paid by consignee)</u>			
"	Consignment A/c	Dr.	800/-	
	To Rajasthan agencies			800
	<u>(Com. payable to Raj. agencies)</u>			
"	Bank A/c	Dr.	101000/	
	To Rajasthan agencies			101000
	<u>(D.D. recd. from consignee)</u>			
"	Unsold stock a/c	Dr.	35817	
	To consignment a/c			35817
	<u>(Unsold stock with agent)</u>			
"	Consignment A/c	Dr.	33917	
	To P&L A/c			33917
	<u>(Profit on consignment tr. to P&L A/c)</u>			
	Goods sent a consignment			
	A/c	Dr.	150000	
	To Trading A/c			150000
	<u>(G.S. on consignment A/c tr. to Trading A/c)</u>			

contd.....

Ledger of Umaid Mills Ltd. Pali

<u>Consignment A/c</u>					
1996		1996			
Feb.1	To Goods sent on consignment	150000	Dec.31 By Raj. Agencies	160000	
"	To Bank A/c (Exp.)	3000	"	By unsold stock	35817
	Packing	500			
	Excise d.	1500			
	Rly.Fr.	<u>1000</u>			
Dec.31	To Raj.Agencies	8900			
	Com.	8000			
	Octroi	500			
	Ins.	200			
	Sel.Ex	<u>200</u>			
"	To Pa.L A/c(Profit)	33917			
		<u>195817</u>			<u>195817</u>

<u>Rajasthan Agencies A/c</u>				
1996			1996	
Dec.31	To consignment	160000	Jul.1	By Bank(Adv) 50000
	A/c		Dec.31	By consignment 8900
			"	By bank(Bal.) 101100
		<u>160000</u>		<u>160000</u>

<u>Goods sent on consignment A/c</u>			
1996		1996	
Dec31	To Trading A/c	150000	July1 By Consignment
		<u>150000</u>	150000
			<u>150000</u>

<u>Unsold stock A/c</u>							
1996			1996				
Dec.31	To	consignment	35817	Dec.31	By	Bal.c/d	35817
			<u>35817</u>				<u>35817</u>

Calculation of unsold stock

Suiting	100 mt x 150	15000	
Shirting	200 x 100	<u>20000</u>	35000
Add Consignor's exp.	<u>3000 x 35000</u>		700
	150000		
Consignee's exp.	<u>500x35000</u>		
	150000		
		<u>117</u>	
		<u>35817</u>	

In the books of Rajasthan Agencies, Jodhpur

Journal

Date	Particulars	T.B.	Amount	
			Dr.	Cr.
June 15	Umaid Mills Ltd.	Dr.	50000	
	To Bank			50000
	<u>(D.D. sent for Adv.)</u>			
July 10	Umaid Mills Ltd.	Dr.	900	
	To Bank			900
	<u>(Exp. paid for Umaid Mills Ltd.)</u>			
Dec. 31	Bank A/c	Dr	160000	
	To Umaid Mills Ltd.			160000
	<u>(Goods sold for Umaid Mills Ltd)</u>			
"	Umaid Mills Ltd.		8000	
	To commission a/c			8000
	<u>(Com. receivable)</u>			
"	Umaid Mills Ltd.	Dr	101100	
	To Bank A/c			101100
	<u>(Bal. sent by DD to UMLtd.)</u>			
"	Commission A/c	Dr	8000	
	To P&L A/c			8000
	<u>(Com. A/c tr. to P&L A/c)</u>			

contd...

Ledger of Rajasthan Agencies Jodhpur

Umaid Mills Ltd. A/c

1995			1996		
June 5	To Bank(Adv.)	50000	Dec. 31	By Bank(Sale)	160000
July 10	To Bank(Exp)	900			
Dec. 3	To Comm. A/c	8000			
"	To Bank (Bal)	101100			
		<u>160000</u>			<u>160000</u>

Comm. A/c

1995			1996		
Dec. 31	To P&L A/c	8000	Dec. 31	By Umaid Mills Ltd	8000
		<u>8000</u>			<u>8000</u>

Bank A/c

1995			1996		
31 Dec.	By Umaid Mills Ltd	160000	June 5	By Umaid Mills Ltd	50000
			June 10	By "	900
			" 31	By "	101100
		<u>160000</u>			<u>160000</u>

PRACTICE SET 11

ACCOUNT CURRENT AND AVERAGE DUE DATE

Guidelines for teachers

- 1 The teacher should explain the need and utility of documents contained in the Practice Set thereby motivating students to learn the basic ideas and also the practical aspects of Account Current and Average Due Date.
- 2 The teacher should explain different terms used in the topic.
- 3 The teacher should explain the procedure of calculating the number of days.
- 4 The teacher should develop the skill in the computation of the interest.
- 5 The teacher should develop the skill in preparing necessary accounts relating to Account current and Average due date.

Hints for students

- 1 There are four problems in this set. The first problem is relating to the calculation of Average Due date having six vouchers. The second problem is relating to Account Current between two businessmen having eleven vouchers. The third problem is relating to account current with Bank having nine vouchers. In the fourth problem ledger account of one businessman is provided in the books of other businessman. Count all the documents.
- 2 In the first problem try to calculate Average Due Date using different basic dates.
- 3 In the second problem try to compute interest and prepare Account Current with other business.
- 4 In the third problem try to compute interest and prepare Account current with Bank.
- 5 In the fourth problem try to prepare Account current with the help of ledger account.
- 6 After completion check your solutions with the solutions provided at the end of each problem. In case of difficulty consult your teacher.

Problem 1:

Enclosed find herewith six bills written by Shri Mohan Lal of Nadbai to Shri H.B.Saxena of Ajmer on different dates. You are required to calculate the average Due Date assuming_

- i) The first date as basic date.
- ii) The middle date (any) as basic date.
- iii) The last date as basic date.

Calculate the amount of interest @ 10% p.a. payable to Shri Mohanlal on 30th June, 1995.

<u>Stamp</u>	Nadbai	<u>Vr.No.1</u>
Rs.2000/-	Jan.1, 1995	

Two months after date pay to Shri J.P.Singhal or order a sum of rupees two thousand only. For value received.

To

Shri H.B.Saxena,
Civil Lines, Ajmer

Accepted:
H.B.Saxena

Mohan Lal

<u>Stamp</u>	Nadbai	<u>Vr.No.2</u>
Rs.1000/-	Jan.15, 1995	

One month after date pay to Self or order a sum of rupees one thousand only for value received.

To

Mohan Lal

Shri H.B.Saxena,
Civil Lines Ajmer

Accepted H.B.Saxena

<u>Stamp</u>	Nadbai	<u>Vr.No.3</u>
Rs.3000/-	Jan.25, 1995	

Three months after date pay to Sh.R.N.Kabra or order a sum of Rupees Three thousand only for value received.

To

Mohanlal

H.B.Saxena,
Civil Lines, Ajmer

Accepted H.B.Saxena

Voucher No.4

Stamp

Rs.5000/-

Nadbai

Feb. 1, 1995

Sixty days after pay to Shri H. O. Saraswat
or order the sum of Rupees Five thousand only, for
value received

To

Shri H.B. Saxena
Civil Lines, Ajmer

Mohanlal

(Accepted : H.B. Saxena)

Voucher No.5

Stamp

Rs.6000/-

Nadbai

Feb.16, 1995

Three months after date pay to Shri K. C. S.Jain
or order the sum of rupees six thousand only. For
value received.

To

H.B. Saxena,
Civil Lines, Ajmer

Mohanlal

(Accepted: H.B. Saxena)

Voucher No.6

Stamp

Rs.3000/-

Nadbai

March 3, 1995

Two months after date. I promise to pay Mr. Mohanlal
or order the sum of rupees Three thousand only. For
value received.

To

H.B. Saxena
Civil Lines Ajmer

Mohanlal

(Accepted: H.B. Saxena)

Problem on the basis of vouchers

Mr. Mohanlal had the following bills receivable against
Mr. H.B. Saxena. Calculate ~~average~~ due date.

<u>S.No.</u>	<u>Date of bill</u>	<u>Amount</u>	<u>Tenure</u>
1.	Jan. 1, 1995	2000/-	2 months
2.	Jan. 15, 1995	1000/-	1 month
3.	Jan. 25, 1995	3000/-	3 months
4.	Feb. 01, 1995	5000/-	60 days
5.	Feb. 16, 1995	6000/-	3 months
6.	March 03, 1995	3000/-	2 months

SOLUTION 1

Calculation of Average Due Date

March 4, 1995 being used as basic date

Date of Transactions	Term	Due Date	Amount	Days	Products
Jan.1, 1995	2months	1995 Mar.4	2,000	0	0
Jan.15, 1995	1month	Feb.18	1,000	14	14,000
Jan.25, 1995	3month	Apr.28	3,000	55	1,65,000
Feb.1, 1995	60days	Apr.5	5,000	32	1,60,000
Feb.16, 1995	3months	May 19	6,000	76	4,56,000
Mar 3, 1995	2months	May 6	3,000	63	1,89,000
			20,000		9,56,000

$$\begin{aligned}
 \text{A.D.D.} &= \frac{\text{Total Products}}{\text{Total Amount}} = \text{days} \\
 &= \frac{956000}{20000} = 48 \text{ days}
 \end{aligned}$$

Ans. Average Due Date after March 4, 1995 = April 21, 1995

SOLUTION 2: Calculation of Average Due Date

April 5th, 1995 being used as basic date

<u>Date of Transaction</u>	<u>Term</u>	<u>Due Date</u>	<u>Amount</u>	<u>Days</u>	<u>Product</u>
Jan.1, 1995	2months	Marh4, 1995	2000	32	64000
Jan.15, 1995	1month	Feb.18, 1995	1000	46	46000
Jan.25, 1995	3months	April28, 1995	3000	23	69000
Feb.1, 1995	60days	Ap.5, 1995	5000	0	0
Feb16, 1995	3months	May19, 1995	6000	+44	+264000
Mar.3, 1995	2months	May6, 1995	3000	+31	+93000
			20000		+316000

$$\text{Average due date} = \frac{\text{Total Products}}{\text{Total Amount}} = \text{days}$$

$$+ \frac{316000}{20000} + 16 \text{ days}$$

after 5th April

it means AverageDue Date = April 21, 1995

May 6, 1995 being used as basic date

Date of Transaction	Term	Due Date	Amount	Days	Product
Jan. 1, 1995	2months	Mar4, 1995	2000	_63	_126000
Jan 1, 1995	1months	Feb18, 1995	1000	_77	_ 77000
Jan 1, 1995	3month	Apr. 28, 95	3000	_ 8	_ 24000
Feb. 1, 1995	60days	Apr. 5, 95	5000	_31	_155000
Feb. 1, 95	3months	May19, 95	6000	+13	+ 78000
Mar. 1, 1995	2months	May6, 1995	3000	0	0
			20000		- 304000

Average due date = $\frac{\text{Total Product}}{\text{Total Amount}}$ = days

$$\frac{-304000}{20000} = -15 \text{ days}$$

itemeans A.D.D. = April 21, 1995

Inter. by A.D.D. = $\frac{\text{Total Amount} \times \text{days} \times \text{Rate}}{365 \times 100}$

$$\frac{20,000 \times 70 \times 10}{365 \times 100}$$

Interest: 383.56

PROBLEM 2

Enclosed herewith are eleven vouchers relating to the transactions took place between Hari Om & Sons of Nadbai and Jagdish Prasad Singhal of Dholpur. It is agreed between the parties that interest on credit will be charged @ 6% p.a. and on debit will be charged @ 10% p.a. prepare the Account current to be rendered by Hari Om & Sons to Jagdish Prasad Singhal on 30th Sept., 1995

VOUCHER No.1

Hari Om & Sons_Nadbai (Bharatpur)
 Telephone No.20507 R.S.T. No.70/5936
 Telegram No. Om C.S.T.No. 70/340
 Cash Memo No. 632 Date April 1, 1995

CREDIT/~~Cash~~ memo

M/s Jagdish Prasad Singhal Dholpur

S.No.	Particulars	Qty.	Rates	Amount	
				Rs.	P.
1.	20 Sarees (Poonam)	20	200/-	4000.00	
2.	Shirtings	50Mt	40/-p.mt	2000.00	
			Total :	6000.00	

Rs. Six thousand only

Trade discount : NIL
 Total
 R.S.T.
 C.S.T.

Voucher No.2

Dholpur,
 Dated: June 3, 1995

Stamp

Accepted: Hari Om Saraswat

Rs. 5000/-

Two months after date pay to self or order the sum of Rupees Five thousand only. For value received.

Jagdish Pd. Singhal

To

Hari Om Singhal
 Hat bazar, Nadbai

200

Stamp

Voucher No.3

Rs.3000/-

Nadbai

Accepted: Jagdish Prasad

Dated: April 10, 1995

One month after date pay to self or order the sum of rupees three thousand only. For value received.

To

Hari Om Saraswat

Jagdish Pd. Singhal
Gadera Pura Road,
Civil lines, Lholpur

Voucher No.4

Hari Om & Sons Nadbai

RECEIPT

Dated: May 15, 1995

Received with thanks from : Jagdish Pd. Singhal
a sum of Rs.3,000/- (Three thousands only)
on account of credit sales.

Stamp

Rs.3000/-

Sd/-

Signature of receiver

Voucher No.5

Jagdish Prasad Singhal, Dholpur

Credit Memo

Tel.No.20133

RST No.75/3435

Telegram No.Jugi

CST No.75/511

Credit cash memo No.20

Date : June 2, 1995

M/s Hari Om & sons, Nadbai

S.No.	Particulars	Qty	Rate	Amount	
				Rs.	P
1.	Sarees	50	250/_per saree	12500.00	
2.	Poplin	100Mt	15/_per Mt.	1500.00	
				14000.00	
(Rs.Fourteen thousands only)					

sd/-

Trader signature

Jagdish Prasad Singhal, Dholpur

Vr.No.6

Receipt

Dt: July 11, 1995

Received with thanks from Hari Om Sarawat
a sum of rupees Five thousands only

Rs.5000/-

Rs.One Stamp

Sd/.

Signature of Receiver

Vr.No.7

Hari Om & Sons, Wadhai

Telephone No. 20507

R.S.T.No.70/5936

Telegram No. OM

C.S.T.No. 70/340

Credit Memo No.578

Date: July 31, 1995

Credit Memo

M/s Jagdish Pd. Singhal, Dholpur

S.No.	Particulars	Qty.	Rates	Amount
				Rs. P
1.	Pe-nt pieces	50	100/- p.piece	5000/-
2.	Shirtings	100Mt	25/- Per mt.	2500/-
			Total	7500/-

Goods sold for one month credit

Rs. Seven thousand & five hundred only

Trade Discount

Total

CST/RST

Sd/-
SIGNATURE

203

Vr.No.8

Jagadish Prasad Singhal Dholpur

Credit Memo

Tele.No. 20133

RST No.75/3435

Telegram No.Jug

CST No.75/511

Cash/Credit Memo No.25

Dated :August 10,1995

M/s Hari Om & Sons,Nadbai

S.No. Particulars	Qty.	Rates	Amount	
			Rs.	P.
1. Pe-nt pieces	30	150/ _p. piece	4500.00	
			<u>4500.00</u>	

(Rupees four thousand and five hundred only)

Sd/.

Signature

Vr.No. 9

Hari Om & Sons, Nadbai(Bharatpur)

Telephone No. 20507

R.S.T.No.70/5936

Telegram No. Om

C.S.T.No.70/340

Credit Memo No.510

Date: August 31,1995

Credit MEMO

M/s Jagadish Pd. Singhal, Dholpur

S.No. Particulars	Qty.	Rate	Amount	
			Rs.	P
1. Suitings	20 mt.	250/ _P.Mt.	5000	
		Total:	<u>5000</u>	

Goods sold on credit for

Fifteen days

Rupees five thousand only

Trade discount

Total

R.S.T.

C.S.T.

Sd/.

Vr.No.10

Jagdish Prasad Singhal, Dholpur
 Tele No.20133 RST No.75/3435
 Tele No.Jug CST No.75/511
 Credit Memo No.28 Date: Sept. 15, 1995

Credit Memo

M/s Hari Om & Sons Nadbai

S.No.	Particular	Qty.	Rates	Amonnt	
				Rs.	P.
1.	Shirtings	100Mt.	60/_p.mt.	6000.00	
2.	Suitings	50Mt.	80/_p.mt.	4000.00	
				10000.00	
	(Rupees Ten thousand only)			-----	

Sd/_
 Trade Signature

Voucher No.11

Dholpur

Date: Sept.18, 1995

Stamp

Accepted : Hari Om Saraswat

Rs.8000/-

Two months after date pay to self or order the
 sum of rupees Eight thousand only. For value received.

Jagadish Prasad Singhal

To
 Hari Om Saraswat
 Hat Bazar, Nadbai

TRANSACTION ON THE BASIS OF VOUCHERS

1995

April 1 Goods sold to Jagdish Prasad Rs.6000/-
April 3 Acceptance given to Jagdish Prasad for 2 m/d Rs.5000.
April 10 Acceptance received from Jagdish Prasad 1/ m/d Rs.3000
May 15 Cash received from Jagdish Prasad Rs.3000/-
June 2 Goods purchased from Jagdish Prasad Rs.14000/-
July 11 Cash paid to Jagdish Prasad Rs.5000/-
July 31 Goods sold to Jagdish Prasad Rs.7500/-
Aug.10 Goods purchased from Jagdish Prasad Rs.4500/-
Aug.31 Goods sold to Jagdish Prasad Rs.5000/-
Sept.15 Goods purchased from Jagdish Prasad Rs.10,000/-
Sept.18 Acceptance given to Jagdish Prasad for 2 m/d
Rs.8000/-

Interest on credit will be charged @ of 6% p.a.
and on debit will be charged @ of 10% p.a. Prepare
the account current to be rendered by Hari Om & Sons
to Jagdish Prasad Singhal on 30th Sept., 1995.

SOLUTION M/s Jagdish Prasad Singhal in Account current with Hari Jm Saraswat
as on Sept. 30, 1995 (Base date .Sept.30, 1995)

Date	Particulars	Amount	Days	Product	Late	Particulars	Amount	Days	Product
1995									
Ap.1	To Sales A/c	6000	182	1092000	Ap.10	By B/R A/c (Due date May 13)	3000	140	420000
Jun3	To B/P A/c (Due date Aug.6)	5000	55	275000					
Jul11	To Cash A/c	5000	81	405000	May15	By Cash A/c	3000	138	414000
Jul31	To Sales A/c (Due date Aug.31)	7500	30	225000	June2	By Purchases A/c	14000	120	1680000
Aug31	To Sales A/c (Due date Sept15)	5000	15	75000	Aug10	By Purchases A/c	4500	51	229500
Sep18	To B/P A/c (Due date Nov.21)	8000	52	416000	Sept15	By Purchases A/c	10000	15	150000
	To Interest	23.64			Sept30	By Red ink products as per contra			416000
						By Bal c/d	2023.64	-	-
		36500		2072000		Total	36500		3309500
				10 %					6%
				20720000					19857000

Total of Product Dr. side 20,72,000
 Total of Product Cr. side 33,09,500

Interest to be calculated on the
 debit side @ of 10%

Total Product will be $20,72,000 \times 10 = 2,07,20,000$

Interest to be calculated on the credit side
 @ of 6%

Total product will be $3309500 \times 6 = 1,98,57,000$

Balance of Product $2,07,20,000 - 1,98,57,000 = 8,63,000$

Interest by current Account. = $\frac{\text{Balance of Product}}{365 \times 100}$

$$\begin{aligned} &= \frac{8,63,000}{365 \times 100} \\ &= 23.64 \end{aligned}$$

Average Due date = $\frac{\text{Balance of Product}}{\text{Balance of amount}}$

$$\frac{8,63,000}{2,000} = 432 \text{ days}$$

.. It means 25th July, 1994

Interest by Average due date = $\frac{\text{Amount} \times \text{Days}}{365 \times 100}$

$$\begin{aligned} &= \frac{2,000 \times 432}{365 \times 100} \\ &= 23.57 \text{ Approx.} \end{aligned}$$

PROBLEM 3

M/s Hanuman & Co., Ajmer operates a current account in State Bank of India, Ajmer. Enclosed herewith are nine vouchers regarding the transactions took place during the quarter ending 30th June, 1995.

The Bank does not ^{pay} any interest on credit balance while it charges ^{on} debit balance at 12% p.a.

Prepare M/s Hanuman & Co.'s Account in the Bank's ledger.

Pass Book of	State Bank of India	<u>Vn No 1</u>
Sh. Hanuman & Co.	In account with	
	(Regd. office: Clock tower, Ajmer)	
Ajmer Branch	A/c No.	Ledger Folio
	23/P/941	

Date	Cheque No.	Particulars	With		Deposits		Dr. or Cr.	Balance	
			Rs.	P.	Rs.	P.		Rs.	P.
1995									
Ap. 1		To Balance b/d					Dr	5000.00	

You are requested to kindly notify the Bank immediately if you find any discrepancy in this statement otherwise it will be assumed that this account is correct.

State Bank of India, Ajmer Branch Vr.No.2
 Current A/c/Cash Credit Date: 15.4.95
 A/c/Pay_in_slip

For the credit of the Current
 Account/Cash credit Account of: Hanuman & Co. Ajmer
 Ledger / Account Number
 23/P/941

Drawn on bank	Branch	Cheque No.	Notes	Amount
				Rs. P.
			8x500	4000.00

Rs. in words: 4000.00
Four thousands only

Deposited by :
 Sd/.

Current A/c/Cash credit State Bank of India, Vr.No.
 A/c Pay_in_slip AJMER RCEC
 Ajmer_305004
 Cash/Transfer
 Date: 20.4.95

For the Credit of the Current
 Account/Cash credit Account of : Hanuman & Co., Ajmer
 Ledger | Account Number
 23/9/941

Drawn on bank	Branch	Cheque	Cash/	Amount
		No.	Notes	Rs. P.
			50x100	5000.00

Rs. in words: Five thousand only

5000.00

Sd/.
 Deposited by

& Co.

CA No.23/P/941

Vr.No.4

No.3448

STATE BANK OF INDIA, AJMER

Date: May 1, 1995

Pay : H.O. Saraswat or
Rupees Three thousand only

Rs. 3000/-

Sd/-

For Hanuaman & Co.

Vr.No.5

Current A/c/Cash Credit A/c Pay_in_slip

State Bank of India RCEC Ajmer

Date: May, 5, 1995

For the credit of the current Account/
Cash credit account of : Hanuaman & Co. Ajmer

Ledger | Account Number
23/P/941

Drawn on Bank	Branch	Cheque No.	Cash	Amount	
				Rs.	P.
			8x500	4000	
			30x100	3000	
			40x50	2000	

Nine thousand only

Rs. 9,000/-

& Co.

No. 3449

C.A.No. 23/P/941

Vr.No.6

STATE BANK OF INDIA, AJMER

Date: May 30, 1995

Pay : R.N.Kabra

Rupees: Four thousand only

Rs. 4000/-

Sd/.

For Hanuman & Co.

& Co.

No. 3450

C.A.No. 23/P/941

Vr.No.7

State Bank of India, Ajmer

Date: June 10, 1995

Prof. Pay J.P.Singhal or

Rupees : Seven thousand only

Sd/.

Rs. 7000/-

For Hanuman & Co.

Current A/c/Cash Credit A/c Pay_in_slip

Vr.No.8

For the credit of the current

Account/Cash credit Account of: Hanuman & Co. Ajmer

Date: 18.6.95

State Bank of India, RCEC Ajmer 305

Ledger | Account Number

23/P/941

Drawn on Branch Cheque No.

Notes

Amount

Bank

Rs.

P.

40x100

4000.00

4000.00

Four thousand only (Rs. in words)

Vr.No.9

&Co. No.3451 CA No.23/F/941

State Bank of India, Ajmer

Date: June 30, 1995

Pay : M.L.Jain

Rupees : Six thousands only

Sd/.

Rs.6000/-

For Hanuman & Co.

Transaction on the basis of the vouchers

M/s Hanuman & Co. Ajmer was having Account current with the State Bank of India. his transaction were as follows:

Late

1995

April 1	Balance (Dr.)	Rs.5000/-
April 15	Deposited in bank	Rs.4000/-
April 20	Leposited in bank	Rs.5000/-
May 1	Paid to Mr.H.O.Saraswat by cheque	Rs.3000/-
May 5	Deposited in Bank	Rs.9000/-
May 30	Payment made to Mr.Kabra by cheque	Rs.4000/-
June 10	Cheque issued to Mr.J.P.Singhal	Rs.7000/-
June 18	Leposited in Bank	Rs.4000/-
June 30	Cheque issued in favour of Mr.M.L. Jain	Rs.6000/-

The Bank charges 12% p.a. interest on debit balance while it does not pay any interest on credit balance.

Prepara M/s Hanuman & Co's Account in the Bank's ledger.

SOLUTION

Hanuman & Co. in Account Current with State Bank of India as on 30th June, 1995

Date	Particular	With drawals Rs.	Deposits Rs.	Dr. or Cr.	Balance	Days	Dr.	Products Cr.
1995								
Ap.1	To Bal b/d	-	-	Dr	5000	15	75000	-
Ap.15	By Cash a/c	-	4000	Dr	1000	05	5000	-
Ap20	By Cash a/c	-	5000	Cr	4000	11	-	44000
May1	To Cheque	3000	-	Cr	1000	4	-	4000
May5	By Cash a/c	-	9000	Cr	10000	25	-	25000
May30	To cheque	4000	-	Cr	6000	11	-	66000
Jun10	To cheque	7000	-	Dr	1000	08	8000	-
Jun18	By cash a/c	-	4000	Cr	3000	12	-	36000
Jun30	To cheque a/c	6000	-	Dr	3000	00	0	-
Jun30	To Interest a/c	29	-	Dr	3029	-	-	-
							88000	400000

Interest = $\frac{\text{Total products} \times \text{rate of interest}}{365 \times 100}$

$$\frac{88000 \times 12}{365 \times 100} = \text{Rs. } 28.93 \text{ i.e. Rs. } 29/-$$

PROBLEM 4

The following is the ledger account of Mr. Harish in the book of Narayan.

Prepare account Current on 30 June, 1996 Charging interest at 10% p.a. Also Calculate Average Due Date and interest from Average due date to 30th June, 1996.

HARISH ACCOUNT

Date	Particulars	Amt.	Date	Particulars	Amt.
1996			1996		
Jan.1	To Balance b/d	1500	Feb.10	By Return	200
March10	To cash	3000	April25	By cash	2300
April20	To Sales	2000	May15	By Cash	1000
June10	To Sales	3500	June20	By cash	3500
			June30	By bal.c/d	3000
		<u>10000</u>			<u>10000</u>

SOLUTION 4

Mr. Harish in Account Current with Mr. Narayan as on 30 June, 1996

Date	Particulars	Amt	Days	Product	Date	Part.	Amt.	Days	Pro duct
1996					1996				
Jan1	To Bal b/d	1500	101	271500	Feb10	By Ret	200	140	28000
Mar10	To Cash	3000	112	336000	Ap.25	By cash	300	66	151000
Ap.20	To Sales	2000	71	142000	May15	By Cash	1000	46	46000
June10	To Sales	3500	20	70000	June20	By cash	3500	10	35000
June30	To Int	152.88	x		June30	By Bal	3152.88	5	58700
		<u>10152.88</u>		<u>819500</u>			<u>1015.88</u>		<u>819500</u>

AVERAGE DUE DATE: Balance of Product/Balance of Amt.

$$\frac{558700}{3000} = 186 \text{ days}$$

Prior to 30 June 1996
= 27th December, 1995.

$$\text{Interest on Rs. 3000/- for 186 days} = 3000 \times \frac{186}{365} \times \frac{10}{100} = 152.88$$

PRACTICE SET No.12
Accounts from Incomplete Records

Guidelines for teachers

1. The teacher should explain the need and utility of documents contained in the Practice Set thereby motivating students to learn the basic ideas and also the practical aspects of Accounts from Incomplete Records.
2. The teacher should explain the salient features of preparing Accounts in this system.
3. The teacher should explain different methods of preparing accounts from Incomplete records.
4. The teacher should develop the skill in preparing Accounts from Incomplete Records.

Hints for students

1. There are two practice sets on this topic. In first Practice set there are six vouchers while in the second Practice set there are seventeen vouchers. Count them.
2. Try to know the nature of the transactions on the basis of the vouchers contained in the Practice set
3. Try to prepare the list of stock, debtors and creditors.
4. Try to prepare books of accounts as per the voucher contained in the Practice set.
5. Try to prepare statement of affairs.
6. Try to prepare profit & loss account and Balance sheet.
7. After completion check your solution with the solution provided at the end of the Practice set. In case of difficulty, consult your teacher.

PROBLEM 1

Enclosed herewith are six vouchers of M/s Mohan & Bros., Ajmer, who keeps incomplete records. You are required to find out the profit & loss for the year ending 31st March, 1995.

Voucher 1

April 1, 1994

Mohan & Bros., Ajmer

Journal Voucher

Particular	Code No.	Amount	
		Debit	Credit
Debit : Cash A/c		40,000	
Bank A/c		60,000	
Credit: Capital A/c			1,00,000
Total:		100,000	1,00,000

Prepared by

Asstt.Chief Accountant Chief Accountant

F.M.

Voucher 2

Date: April 1, 1994

Mohan & Bros. Ajmer

Journal Voucher

Particular	Code No.	Amount	
		Debit	Credit
Debit : Purchases A/c		45000	
Furniture A/c		10000	
Credit: Bank A/c			55,000
		55000	55,000

Prepared by Asstt.Chief Acctt. Chief Asstt. F.M.

Voucher 3

July 1, 1994

Mohan & Bros. Ajmer

Journal Voucher

Particular	Code No.	Amount	
		Debit	Credit
Debit: Drawings A/c		10000	
Credit: Purchases A/c			2500
Cash A/c			7500
		10000	10000

Prepared by Asstt. Chief Acctt. Chief Acctt. F.M.

Voucher 4

Date: 31st March, 1995

Mohan & Bros. Ajmer

Journal Voucher

Particular	Code No.	Amount	
		Debit	Credit
Debit : Furniture A/c		2500	
Credit: Cash A/c			2500
		2500	2500

Prepared by Asstt. Chief Acctt. Chief Acctt. F.M.

Voucher 5

Mohan & Bros., Ajmer

Sundry debtors as on 31st March, 1995

Name	Amount
Prabhat	5000
Pranod	4000
Girish	6000
Praveen	8000
	<u>23000</u> of which Rs....
	4000 Represented debts which were irrecoverable

List of creditors as on 31st March, 1995

Name	Amount
Ajay	8000
Vijai	7000
Ashok	10000
	<u>25000</u>

Vr.No.6

Mohan & Bros. Ajmer

List of Balances as on 31st March, 1995

Name of Ledger Account	Amount Rs.
1. Stock	62,000
2. Cash in hand	12,000
3. Cash at Bank	45,000

Interest charged on opening capital by 12% per annum

Problem

Mohan & Bros. Ajmer started business on 1st April, 1994 with a capital of Rs.100000, of which Rs.60,000/- were deposited in the Bank on the same day.

On the same day he purchased Goods Rs.45,000/- and Furniture Rs.10,000. Payment made by Bank.

During the year he withdrew for personal use Goods worth Rs.2500/- and cash Rs.7500. In the end of the year debtors were Rs.23,000/- of which Rs.4,000/- represented debts which were irrecoverable. Creditors as per ledger amounted to Rs.25,000/- He purchased furniture during the year for Rs.2500/-

In the end of the year (31st March, 1995) the Balances were as follows :

	Rupees
Stock	62,000/-
Cash in hand	12,000/-
Cash at Bank	45,000/-

Note: Interest charged on Capital by 12% per annum.

Prepare statement of affairs and find out profit or loss for the year ending 31st March, 1995.

Solution

Statement of Affairs
as on 31st March, 1995

Particulars	Amount	Particulars	Amount
Creditrs	25000	Cash in hand	12000
Capital(B.F.)	125500	Cash at Bank	45000
		Stock	62000
		Debtors	19000
		Furniture	12500
Total:	150500	Total:	150500

Statement showing Profit or Loss For the
year ending 31st March, 1995

	Rs
Capital as on 31st March, 1995	1,25,500
Add: Drawings during the year	<u>10,000</u>
	1,35,500
Less: Opening capital (Ap.1, 1994)	<u>1,00,000</u>
Profit before charging Interest on capital	35,500
Less: Interest on capital	12,000
Net profit :	<u>23,500</u>

PROBLEM 2

M/s Hari Om Bros., Bhilwara has provided seventeen vouchers and other books of Accounts that he maintained. He requests you that with this information prepare :

- i) Total Debtors and Total creditors account.
- ii) Cash account and find out the cash balance and
- iii) Trading and profit & loss account and Balance sheet.

Hari Om Bros. Bhilwara

Vr.No.1

Date: April 1, 1994.

JOURNAL VOUCHER

Particular	Code No.	Amount	
		Debit	Credit
Debit: Cash A/c		80,000	
Credit: Capital A/c			80,000
Total		80,000	80,000

Prepared by

Asstt. Chief Acctt. Chief Acctt. F.M.

Furniture Mart, Bhilwara

Cash Memo/C.M.

Vr.No.2

Tel.No. 31208
Tele.No. STORE

R.S.T.No. 80/91_92
C.S.T.No. 81/91_92

Cash Memo

April 1, 1994

M/s Hari Om Bros.

S.No.	Particulars	Qty.	Rates	Amount	
				Rs.	P.
1.	50 Tables	50	100/-	5000.00	
	50 chairs	50	120/-	6000.00	
				11000.00	

Trade discount: NIL

Total : 11,000

RST/CST

Signature

Vr.No.3

BOHRA BROS. BHILWARA

CASH MEMO

Tele.No. 12875

R.S.T.No.78/91_92

Telegram No.AIM

C.S.T.No.78/91_92

Cash Memo No.428

Dated April 1, 1994

Cash Memo

l./s Hari Om Bros.

S.No.	Particulars	Qty	Rates	Amount
				Rs. P
1.	Almirah	1	3,000/-	3,000/-

				3,000/-

Trade discount: NIL

Total 3,000/

R.S.T.

C.S.T.

Hari Om Bros. Bhilwara

Vr. No.4

April 1, 1994 Date:

Journal Voucher

Particular	Code No.	Amount
		Debit Credit
Debit: Cash a/c		18,000
Credit: Gopal Lal		18,000
(Loan received from Gopal)		
Total		18,000 18,000

Prepared by

Asstt.Chief Accountant Chief Acctt. F.M.

223

Vr.No.5

Hari Om Bros., Bhilwara

3 No.

31.3.95 Date:

Journal Voucher

Particular	Code No.	Amount	
		Debit	Credit
Debit: Drawings A/c		16,000	
Credit: Cash A/c			12,000
Purchases A/c			4,000
(Drawings during the year)	Total:	16,000	16,000
Prepared by: Asstt.Chief Acctt. Chief Acctt. F.M.			

Vr.No.6

Hari Om Brothers, Bhilwara

6 No.

1/4/94 to 31.3.95

JOURNAL VOUCHER

Particulars	Amount	
	Debit	Credit
Debit :Cash A/c	190000	
Credit: Sales A/c		190000
(Total cash Sales during the year)	Total	190000 190000

224

Vr.No.7

Hari Om Bros., Bhilwara

Dated 31.3.95

Particulars	Amount	
	Lebit	Credit
Debit Purchases A/c	120000	
Credit Cash A/c		120000
Total:	120000	120000

Purchases during the year

Vr.No.8

Hari Om Bros., Bhilwara

Dated: 31.3.95

Particulars	Amount	
	Lebit	Credit
Debit: Salaries A/c	10000	
Credit: Cash A/c		10000
Total:	10000	10000

Vr.No.9

Hari Om Bros., Bhilwara

Dated: 31.3.95

Particulars	Amount	
	debit	credit
Debit: Bad debts A/c	500	
Credit: Debtors A/c		500
	500	500

Vr.No.10

Hari Om Bros., Bhilwara

Journal Voucher

Dated: 31.3.95

Particulars	Amount	
	Debit	Credit
Debit Commission A/c	100	
Trade Exp. A/c	300	
Telephone A/c	500	
Credit: Cash A/c		900
	<u>900</u>	<u>900</u>

Vr.No.11

Purchases Book of M/s Hari Om Bros.

Date	Particulars	V.No. IF	Amount	
			Details	Total
1994	<u>Shanti Saree Centre</u>			
Apr.1	200sarees silk @ Rs.90/- each	218	18000	
	100sarees Shreenath Simple			
	@ Rs.130/- each		13000	
			<u>31000</u>	
	Less:Trade discount 10%		<u>3100</u>	
			27900	
	Add: Packing charges		<u>100</u>	28000
Jul20	<u>Malchand & Bros.</u>			
	100Dhoti pairs @ Rs.40/- per pair		4000	
	50meter Vimal @ Rs.30/- per mtr.		<u>1500</u>	
			5500	
	Add:Packing charges		<u>100</u>	5600
1995	<u>M/s Suresh Bros.</u>			
Jan18	100m. Long cloth @ Rs.10/- each		1000	
	100m. Poplin at Rs.20/- each		<u>2000</u>	3000
1995				
Mar31	Purchases A/c Dr.			36600

Vr.No.12

Purchases Return Book of Hariom Bros.

Date	Particulars	V.No.	L.F.	Amount	
				Detail	Total
1994					
Ap10	Shanti Saree Centre:				
	100 Saree Silk @ Rs.90/_each			900	
	Less:Trade discount 10%			<u>90</u>	810
1995	M/s Suresh Bros.				
Jan29	10M Long cloth @ Rs.10/_each			100	100
1995					
Mar31	Purchases Return A/c Cr.				<u>910</u>

M/s Hari om Bros.

Vr.No.13

Sales Book

Date	Particulars	V.No.	L.F.	Amount	
				Detail	Total
1994					
Ap10	M/s Ram Cloth Store				
	100 Sarees Silk @ Rs.125/_each 315			12500	
	20 m. V/MAL @ Rs 40/_each.			<u>800</u>	
				13300	
	Less:Trade discount 5%			<u>665</u>	
				12635	
	Add:Packing charge			<u>65</u>	12700
1994					
Aug5	M/s Rajendra Mohan				
	80 Mtr. Long cloth @ Rs.15/_each 435			1200	
	80 Lhoti Pairs of Rs50 each			<u>4000</u>	5200
1995	M/s Anuracha Saree Centre	516		12000	
Feb10	80 Saree shrinath @ Rs.150/_			<u>300</u>	12300
	Add:Packing charges				
1995					<u>30200</u>
Mar31	Sales A/c Cr.				

Sales Return Book

Date	Particulars	C.N. IF No.	Amount	
			Detail	Total
1995				
Feb 20	M/s Anuradha Saree centre		1500	1500
	10 Saree Shrinath @Rs.150/_each			
1995	Sales Return A/c Dr.			1500
Mar 31				

Vr.No.15

M/s Hari um Bros. Bhilwara

List of unsold stock

Particulars	Qty.	Rate	Amount
Long cloth	20M	10/-	200.00
Poplin	30M	20/-	600.00
Saree shrinath	10	130/_	1300.00
Sari Mimal	18	90/_	1620.00
	Total:		3720.00

Vr.No.16

M/s Hari um Bros. Bhilwara

Dated: 31.3.95

List of Total Debtors

Name	Amount
1.Sn.Ram Cloth store	2700
2.Sh.Rajendra Pohan	200
3.Sh.Anuradha Saree center	2300
Total:	5200

Vr.No.17

M/s Hari Om Bros., Bhilwara

List of Creditors

Date: 31.3.95

Name	Amount
1. Shanti Saree centres	3000
2. Malchand & Bros.	<u>600</u>
Total :	<u>3600</u>

Problem according to vouchers

On 1st April, 1994 Hari Om Bros. of Bhilwara commenced business with a capital of Rs.80,000/- cash.

On some day he purchased furniture of Rs.11,000/- and a almirah of Rs.3,000/-

He borrowed Rs.18,000/- from Gopal on ^{the} same day.

The following balances are taken from his books on 31st March, 1995.

i) Drawing_ Cash Rs.12,000/-, Goods worth Rs.4,000/-
Total Rs.16,000/-

ii) Cash Sales Rs.190000 & cash purchase Rs.120000

iii) Salary paid during the year Rs.10,000/-

iv) Bad debts during year Rs.500/-

v) He paid expenses as commission Rs.100/- Trade exp. Rs. 300/- and Telephone exp. Rs.500/- by cash.

vi) Credit purchase of year Rs.36600/- and purchases return is Rs.910/-

vii) Credit sales of the year 30200 and sales return is Rs.1500/-

viii) Unsold stock at the end of the year Rs.3720/-

ix) Total Debtor's Rs.5200/- and Total creditor's Rs.3600/-

<u>Solution</u>		Total Debtors A/c	
Particulars	Amount	Particulars	Amount
To Sales A/c	30200	By Sales Return	1500
		By Bad Debts A/c	500
		By Cash A/c (Balancing figure)	23000
		By Bal. C/d	5200
	<u>30200</u>		<u>30200</u>

Total Creditors A/c			
Particulars	Amount	Particulars	Amount
To Purchases Ret.	910	By Purchases A/c	36600
To Cash (Balancing fig.)	32090		
To Balance c/d	<u>3600</u>		
	<u>36600</u>		<u>36600</u>

Cash A/c			
Dr.			Cr
Particulars	Amount	Particulars	Amount
To Capital	80000	By Furniture A/c	11000
To Gopal (Loan)	18000	By Alkira A/c	3000
To Sales A/c	190000	By Drawings A/c	12000
To Receipt from Drs.	23000	By Purchases A/c	120000
		By Salaries A/c	10000
		By Commission	100
		By Trade Exp.	300
		By Telephone exp.	500
		By Payment to creditors	32090
		By Balance c/d	<u>122010</u>
	<u>311000</u>		<u>311000</u>

Trading & Profit & Loss A/c of Hari M. Brothers Bhilwara
for the year ending 31st March, 1995

Particulars	Amount Rs.	Particulars	Amount Rs.
To Purchases		By Sales	
Cash 120000		Cash 199000	
Credit 30600		Credit 30200	
<u>150600</u>		<u>220200</u>	
Less: Draw. 4000		Less:	
<u>152600</u>		Return 1500	218700.00
Less: Return 910		By Cl. stock	3720.00
<u>151690</u>	151690		
To Gross profit c/d	70730		
<u>222420</u>			<u>222420.00</u>
To Salaries 10000		By Gross profit B/d	70730.00
To Commission 100			
To Trade Exp. 300			
To Telephone Exp. 500			
To bad debts 500			
To Net profit 59330			
<u>70730.00</u>			<u>70730.00</u>

Balance sheet as on 31st March, 1995

	Rs.		Rs.
Creditors	3,600	Cash in hand	1,22,010.00
Opal's Loan	16,000	Cl. stock	3,720.00
Capital 50,000		Debtors	5,200.00
to N.P. 59,330		Furniture	11,000.00
<u>1,39,330</u>		Almirah	3,000.00
Less: Drawings (12000 + 4000)	<u>16000</u>		
	1,23,330		
	<u>1,44,930</u>		<u>1,44,930.00</u>

PRACTICE SET 13

RECEIPTS AND PAYMENTS AND INCOME AND EXPENDITURE ACCOUNTS

Guidelines for teachers

1. The teacher should explain the nature and utility of documents contained in the Practice Set thereby motivating students to learn the basic ideas and also the practical aspects of Receipts and Payments and Income and Expenditure Accounts.
2. The teacher should explain the need of such accounts for non-trading organisations.
3. The teacher should explain terms such as Subscription, Donation, Entrance fee, Income, expenditure etc. used in the accounts of Non-trading institutions.
4. The teacher should develop the skill in preparing Receipt and payment accounts, income and expenditure Accounts, Cash Book and Balance sheet of non-trading institutions.

Hints to students

- 1 There are two problems in this Practice Set. In the first problem there are fifty three vouchers, Count them. In the second problem Receipt and Payment Account and Income & Expenditure Account is provided. Observe them.
- 2 Try to know the nature of transactions on the basis of the vouchers contained in the Practice Set.
- 3 Try to prepare Receipt and Payment Account, Income and Expenditure Account, Cash Book and balance sheet with the help of the vouchers in the first problem.
4. Try to prepare the Balance sheet in the second problems from the given Receipt and Payment Account and Income and Expenditure Account.
5. After completion check your solutions with the solutions provided at the end of each problem. In case of any difficulty consult your teacher.

PROBLEM 1

Enclosed herewith are 53 vouchers of Sports Club Nagaur for the year ending 1995. With the help of these vouchers prepare Cash Book, Receipt and Payment Account, Income & Expenditure Account and Balance Sheet.

SPORTS CLUB, NAGOUR

DEBIT : Building

Vr.No.1

CREDIT; Donation

10,000/- 1 Jan., 1995

10,000/-

(Building for Club donated by Mr.Kamal Kumar Registration

Value Rs. /- (Rupees ten thousand only)

Rs.10,000/-

(MADAN RAJ)
PRESIDENT

(Depreciated @ 5% per annum)

Vr.No.2

SPORTS CLUB, NAGOUR

Dated 1.1.95.

DEBIT : GAMES MATERIAL

5000/-

CREDIT: DONATION A/c

5000/-

(Games material donated by 'Jagdish Sports' for Rs.5000/-

(Rupees five thousand only)

Rs.5000/-

(MADAM RAJ)
PRESIDENT

(Depreciation Rs.800/-)

COUNTERFOIL (PAY IN SLIP)

Vr.No.3

NAGOUR GRAMIN ANCHALIK BANK BRANCH, NAGOUR

Dated: Jan.1, 1995

Name of Depositor: Sports Club, Nagaur

Particulars	Rs.
Notes (cash)	5,000.00
(For fixed -Deposit A/c)	
Coins	
Total	5,000.00

Amount deposited in words Rs.Five thousand only

Rakesh -Manager

Interest is to be taken
into consideration at the
end of the year @ 10% p.a.5000/- Rs.
BANK SEAL

Sig.of Cashier

Voucher No.4Cash Memo

Stationery House

No.151

4, Ramia Bhawan, Nagaur

Order No.15

Dated: Jan.1, 1995

M/s Sports Club, Nagaur (Raj.)

S.No.	Particulars	Qty	Rate	Amount
				Rs. P
1.	Registers	1 Doz	Rs.60/-per doz	60.00
2.	White papers	1 Doz	Rs.10/-per doz	10.00
3.	Carbons	1/2 Doz	Rs.30/-per doz	15.00
4.	Rice papers	1/2 Doz	Rs.30/-per doz	15.00
				100.00

E.&.O.E.

1. Passed for payment
Rs.100/-

Rajeev

Rupees One hundred only

Secretary

Paid Rs.100/-

Kamal

Treasurer

For Stationery House, Nagaur

Sd/.

Proprietor

Voucher No.5Cash memo

PAWAN RESTAURANT NAGOUR

Nagaur

Name: Sports Club, Nagaur

Dated: Jan.1, 1995

Particulars	Rate	Net	Amount
1. Milkswets 1 kg	Rs.40/p.kg.		40/-
2. Namkin 1 kg.	Rs.40/-per kg		40/-
3. Tea 8 cups	Rs.2/-per cup		16/-
4. Coffee 2 cups	Rs.2/-per cup		4/-
			100/-

Received in cash Rs. One hundred only

For Pawan Restaurant

Verified

Sd/. Secretary

PAWAN

Owner

Paid Rs.100/-

Voucher No.6

SPORTS CLUB NAGAUR

NAGAUR

Dated: Feb.10,1995

Cash Payment Voucher

Amount Rs.100/-

Nature of expenses : Envelope Rs75/- and Inland Rs.25/-

Account Head : Postage Account

Paid in : Cash

Rs-100/-

Verified

Sd/.

Secretary

Kamal

Signature of Treasurer

Voucher No.7CASH MEMO

Friends Stores

(Sports Material Suppliers)

Telegram' FRIEND'

M.I.ROAD,Jaipur

Telephone: 43568

Dated: March 8,1995

M/s Sports Club, Nagaur(Raj.)

S.No.	Particulars	Qty	Rate	Amount	
				Rs.	P
1.	Table tennis Table	1(One)	Rs.1000/p.table	1000.00	
2.	Table Tennis Bats	3(Three)	Rs.50/-p.bat	150.00	
3.	Table tennis Balls	1 Doz.	Rs.50/-per doz.	50.00	
	Verified:			1200.00	

Sd/- Secretary

(Rs.One thousand two hundred only)

(Depreciation Rs.200/-)

E&OE

For Friends Stores

Verified

sd/-

Secretary

Voucher No.8

SPORTS CLUB, NAGOUR

NAGOUR

Dated: April 5, 1995

Cash Payment Voucher

Amount: Rupees Fifty only

Nature of Expenses : Cleaning of the ground

Account head : Wages

Paid in Cash

Rs.50/-

Verified

Ramesh

Sd/- Secretary

Kamal

Accountant

Signature of Treasurer

Voucher No.

Cash Memo

STATIONERY HOUSE

No.255

4, Ramia Bhawan, Nagaur

Order No.35

Dated: April 10, 1995

M/s Sports Club, Nagaur

S.No.	Particulars	Qty	Rate	Amount Rs. P.
1.	Rice papers	1/2 doz.	Rs.30/- per doz	15.00
2.	Ball pens	2	Rs.2/ ballpen	5.00
	Rs. Twenty only			20.00

E.&O.E.	Verified Sd/- Secretary	For Stationery House Nagaur Gopal Proprietor
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No.301 Stationery House Cash Memo Voucher No.10
 Order No. Gandhi Maidan, Nagaur
 Dated: May 10, 1995

Name: M/s Sports Club, Nagaur (Raj.)

S.No.	Particulars	Qty.	Rate	Amount Rs. P.
1.	White papers	1/2 Doz	10/- per doz.	5.00
2.	Pencils	10	1/- per pencil	10.00
				15.00

(Amount Rupees fifteen only)

E.&O.E.	Verified Sd/- Secretary	For Stationery House Nagaur Gopal Proprietor
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SPORTS CLUB NAGOUR

Voucher No.11

Dated: July 10, 1995

Cash Payment Voucher

Amount: Rupees Twenty five only

Nature of expenses: Envelope Rs.15/- and Postcards Rs.10/-

Account head: Postage

Paid in Cash

Rs.25/-

Verified

Sd/. Secretary

Sd/. Ramesh

Accountant

Kamal

Sd/. Signature of Treasurer

Voucher No.12

Cash Memo

Friends Stores

(Sports Material Seller)

Telegram 'Friend'

Telephone: 43568

M.I. Road, Jaipur

Dated: August 14, 1995

M/s Sports Club, Nagaur (Raj.)

S.No.	Particulars	Qty.	Rate	Amount Rs. P.
1.	Cricket Mat	1 (One)	Rs. 500/- per mat	500.00
2.	Cricket Bat	4 (Four)	Rs. 50/- per bat	200.00
3.	Cricket Ball	8 (Eight)	Rs. 25/- per ball	200.00
			(Rs. Nine hundred only)	900.00

(Deprediation Rs.100/-)

E&OE

For Friend Stores, Jaipur

Sohan
Proprietor

Verified

Sd/.

Secretary

Voucher No.13

CASH MEMO

Stationery House

No.455

Order No.

Gandhi Maidan, Nagaur

Dated: Sept. 5, 1995

Name: M/s Sports Club, Nagaur (Raj.)

S.No.	Particulars	Qty	Rate	Amount Rs. P.
1.	Registers	3	10/- per register	30.00
				30.00

E.&.J.E.

Amount Rs. Thirty only

For Stationery House Nagaur

Gopal

Proprietor

Verified

Sd/.

Secretary

Voucher No.14

PAWAN RESTAURENT NAGAU

CASH MEMO

Name: Sports Club, Nagaur
 Dated: Oct.15, 1995

Particulars	Rate	Amount
1. Burfee 1 kg.	Rs.50/_per kg.	50.00
2. Biscutes Parle G_5 Pkts.	Rs.3/_per pkt.	15.00
3. Milk 7 bags	Rs.5/_per bag	35.00
		<u>100.00</u>

Received in cash Rs. One hundred only

PAID Rs.100/_	Verified	For Pawan Restaur nt
Kamal	Sd/.	Pawan
Treasurer	Secretary	Owner

No.788 STATIONERY HOUSE Voucher No.15
 Order No. Cash Memo

Name: M/s Sports Club, Gandhi Maidan, Nagaur
 Dated: Nov.1, 1995

S.No.	Particulars	Qty.	Rate	Amount
				Rs. P.
1.	Carbon paper	1Doz	Rs.15/_per dozen	15.00
				<u>15.00</u>

E&OE

Rupees Fifteen only	For Stationery House Nagaur
Verified	Gopal
Sd/. Secretary	Proprietor

Voucher No. 16
CREDIT MEMO

Stationery House

Invoice No. 1541 CREDIT MEMO
Order No. 75

4, Ramia Bhawan, Nagaur
Dated: Dec. 31, 1995

M/s Sports Club, Nagaur

S.No.	Particulars	Qty.	Rate	Amount
				Rs. P.
1.	Rice papers	1 Doz	Rs. 30/per dozen	30.00
	(Rupees Thirty only)			30.00

E&OE Verified
 Sd/Secretary

For Stationery House, Nagaur
Gopal
Proprietor

Vr. No. 17

SPORTS CLUB NAGOUR(RAJ.)

SALARY BILLS

Name of Employee : Rajendra Prasad

Month Related : January ,95 Date of Payment: 1.2.95

Amount Rs. 100/- (Rupees one hundred only) Sd/

Signature of employer

Payment verified

Sd/. Secretary

Sd/ Treasurer

Vr. No. 18

SPORTS CLUB NAGOUR(RAJ.)

SALARY BILLS'

Name of Employer: RAJENDRA PRASAD

Month Related: Feb., 95 Date of Payment: 1.3.95

Amount: Rs. 100/- (Rupees one hundred only)

Sd/.

Signature of employee

Payment verified

Sd/. Secretary

Sd/.
Treasurer

Sports Club, Nagaur (Raj.)

Vr.No.19

Salary Bills

Name of employ e : Rajendra Pra.ad

Month Related: March,95 Date of payment: 1.4.95

Amount: Rs.100/- (Rs.One hundred only)

Sd/.

Signature of employee

Payment verified by

Sd/. Secretary

Sd/. Treasurer

Sports Club, Nagaur(Raj.)

Vr.No.20

Salary Bill

Name of Employee : Rajendra Prasad

Month Related: April,95 Date of Payment: 1.5.95

Amount Rs.100/- (Rupees one hundred only)

Payment verified by

Sd/. Secretary

Sd/. Treasurer

Sports Club, Nagaur(Raj.)

Vr.No.21

Salary Bill

Name of employee: Rajendra Prasad

Month Related: May,95 Date of payment: 1.6.95

Amount Rs.100/-(Rs.One hundred only)

Sd/.

Signature of employee

Payment verified

Sd/. Treasurer

Sd/.Secretary

Sports Club Nagaur(Raj.)

Vr.No.22

Salary Bill

Name of employee: Rajendra Prasad

Month related : June,95 Date of payment: 1.7.95

Amount Rs.100/-(Rupees one hundred only) Sd/-

Signature of employee

Payment verified

Sd/- Secretary

Sd/- Treasurer

Sports Club, Nagaur (Raj.)

Salary bill

Name of employee: Rajendra Prasad

Month Related : July, 95

Date of payment: 1.8.95

Amount Rs.100/- (Rupees one hundred only)

Sd/-

Payment verified

Signature of employee

Sd/-

Secretary

Sd/- Treasurer

Sports Club, Nagaur (Raj.)

Salary Bill

Name of employee : Rajendra Prasad

Month Related: Aug., 95

Date of payment: 1.9.95

Amount Rs.100/- (rupees one hundred only)

Sd/.

Signature of employee

Payment verified

Sd/- Treasurer

Sd/-

Secretary

Sports Club, Nagaur (Raj.)

Salary bill

Name of employee: Rajendra Prasad

Month related : Sep., 95

Date of payment: 1.10.95

Amount Rs.100/- (Rupees one hundred only)

Sd/-

Payment verified

Signature of employee

Sd/.Secretary

Sd/- Treasurer

Vr.No.26

Sports Club, Nagaur (Raj.)

Salary Bill

Name of employee: Rajendra Prasad

Month Related: Oct.,95

Date of payment: 7.11.95

Amount: Rs.100/_(One hundred rupees only)

Signature of employee Sd/_

Payment verified

Sd/. Secretary

Sd/. Treasurer

Vr.No.27

Sports club, Nagaur(Raj.)

Salary bill

Name of employee: Rajendra Prasad

Month related: Nov.,95

Date of payment: 7.12.95

Amount Rs.100/_(One hundred rupees only)

Sd/.

Signature of employee

Payment verified

Sd/. Treasurer

Sd/ Secretary

Vr.No.28

Sports Club, Nagaur(Raj.)

Dated: 31.12.95

Voucher for Salary

Amount Rs.100/_

Name : Rajendra

Paid Payment not made

Month Dec.,1995

Sd/. Treasurer

243

Vr.No.29

Counterfoil

SPORTS CLUB, NAGPUR (RAJ.)

Receipt No.1

Book No.1

Dated: Jan.1,1995

Received with thanks from Shri Pawan Kumar
for Donation for 1995 a sum of Rupees _ Five thousand
only

Rs.5000/-

Kamal

(Treated as Capital fund) Signature of Treasurer

Vr.No.30

Counterfoil

SPORTS CLUB, NAGPUR (RAJ.)

Receipt No.2

Dated: Jan.1,1995

Book No.1

Received with thanks from Shri Giriraj Kishore
for Life Membership : a sum of Rupees One thousand only

Rs.1000/-

Kamal

Sign. of Treasurer

Vr.No.31

Counter Foil

SPORTS CLUB, NAGPUR (RAJ.)

Receipt No.3

Dated: Jan.1,1995

Book No.1

Received with thanks from Shri _ Bhanwarlal
for Life Membership fee a sum of Rupees One
thousand only.

Rs.1000/-

Kamal

Sign. of Treasurer

Vr.No.32Counter Foil

SPORTS CLUB, NAGPUR (RAJ.)

Receipt No.4

Dated: Jan.1,1995

Book No.1

Received with thanks from Shri Radhey Shyam for
Life Membership fee ~~for 1995~~ a sum of Rupees One thousand
only.

Rs.1000/-

Kamal

Signature of Treasurer

Vr.No.33Counter foil

SPORTS CLUB, NAGPUR (RAJ.)

Receipt No.5

Dated: Jan.1,1995

Book No.1

Received with thanks from Shri Kamal for
Life membership fee ~~for 1995~~ a sum of Rupees One
thousand only

Rs.1000/-

Kamal

Signature of Treasurer

Vr.No.34

Counterfoil

SPORTS CLUB, NAGPUR (RAJ.)

Receipt No.6

Dated: Jan.1,1995

Book No.1

Received with thanks from Shri Jagdish
for Life membership fee ~~for 1995~~ a sum of Rupees One
thousand only

Rs.1000/-

Kamal

Signature of Treasurer

Vr.No.35

Counterfoil

SPORTS CLUB NAGAHAR(RAJ.)

Receipt No.7

Dated: Jan.1,1995

Book No.I

Received with thanks from Shri Om Prakash
for Subscriptions fee for 1995, a sum of Rupees
One hundred only

Rs.100/-

Kamal

Signature of Treasurer

Vr.No.36

Counterfoil

Sports Club Nagaur(Raj.)

Receipt No.8

Dated: Jan.1,1995

Book No.I

Received with thanks from Shri Rama kant
for Subscriptions fee for 1995, a sum of Rupees_
one hundred only

Rs.100/-

Kamal

Signature of Treasurer

Vr.No.37

Counterfoil

SPORTS CLUB, NAGOUR(RAJ.)

Receipt No.9

Dated: Jan.1,1995

Book No.1

Received with thanks from Shri Madan Raj for
subscriptions fee for 1995, a sum of Rupees One
hundred only

Rs.100/-

Kamal

Signature of Treasurer

Voucher No.38

Counter Foil

SPORTS CLUB NAGAU(RAJ.)

Receipt No.10

Dated: Jan. 1, 1995

Book No.1

Received with thanks from Shri _ Mukesh
for subscription fee for 1995, a sum of Rupees One hundred only
Rs.100/_

Kamal

Signature of Treasurer

Vr.No.39

Counter foil

SPORTS CLUB, NAGAU(RAJ.)

Receipt No.11

Dated: Jan.1,1995

Book No.1

Received with thanks from Shri _ Rakesh
for subscription fee for 1995, a sum of Rupees One
hundred only

Rs.100/_

Kamal

Signature of Treasurer

Vr.No.40

Counter foil

SPORTS CLUB, NAGAU(RAJ.)

Receipt No.12

Dated: Jan.1,1995

Book No.1

Received with thanks from Shri _ Radhey Shyam
for Entrance fee for 1995 a sum of Rupees _ Ten only

Kamal

Rs.10/_

Signature of Treasurer

Vr.No.41Counterfoil

SPORTS CLUB, NAGPUR (RAJ.)

Receipt No.13

Dated: Jan.1, 1988

Book No.I

Received with thanks from _ Shri Kamal for
Entrance fee for 1995, a sum of Rupees Ten only

Rs.10/-

Kamal

Signature of Treasurer

Vr.No.42Counterfoil

SPORTS CLUB, NAGPUR (RAJ.)

Receipt No.14

Dated: Jan.1,1995

Book No.I

Received with thanks from Shri _ Giri Raj Kishore
for Entrance fee for 1988/1989 a sum of Rs. Ten only

Rs.10/-

Kamal

Signature of Treasurer

Vr.No.43Counterfoil

Sports Club, Nagpur (RAJ.)

Receipt No.15

Dated: Jan.1,1995

Book No.I

Received with thanks from Shri _ Jagdish
for Entrance fee for 1988_89 a sum of Rs.Ten only

Rs.10/-

Kamal

Signature of Treasurer

Vr.No.44

SPORTS CLUB NAGPUR(RAJ.)

Counterfoil

Receipt No.16

Dated : Jan.1,1995

Book No.1

Received with thanks from _ Shri Bhanwar Lal
for Entrance fee for 1988_89, a sum of Rs. Ten only
Rs. 10/_

Kamal

Signature of Treasurer

Vr.No.45Counterfoil

SPORTS CLUB, NAGPUR(RAJ.)

Receipt No.17

Dated: Jan.1,1995

Book No.1

Received with thanks from _ Shri Rama Kant
for Entrance fee for a sum of Rs.Ten only.
Rs.10/_

Kamal

Signature of Treasurer

Vr.No.46Counterfoil

SPORTS CLUB , NAGPUR(RAJ.)

Receipt No.18

Dated: Jan.1,1995

Book No.1

Received with thanks from Madan Raj
for Entrance fee for a sum of Rs. Ten only

Rs.10/_

Kamal

Signature of Treasurer

Vr.No.47Counterfoil

SPORTS CLUB, NAGGAUR(RAJ.)

Receipt No.19

Dated: Jan.1,1995

Book No.1

Received with thanks from Shri _Om Prakash
for Entrance fee a sum of Rupees ten only.

Rs.10/-

Kamal

Signature of Treasurer

Vr.No.48Counterfoil

SPORTS CLUB, NAGGAUR (RAJ.)

Receipt No.20

Dated: Jan.1, 1995

Book No.I

Received with thanks from Shri _ Rakesh
for Entrance fee ~~10~~ a sum of Rupees_ Ten only.

Kamal

Rs.10/-

Signature of Treasurer

Vr.No.49Counterfoil

Sports Club, Nagaur (Raj.)

R.No.21

Dated: Jan.1,1995

Book No.1

Received with thanks from Shri _ Mukesh for
Entrance fee a sum of Rupees _ Ten only

Kamal

Rs.10/-

Signature of Treasurer

Vr.No.50

SPORTS CLUB, NAGPUR (RAJ.)

Receipt No.22

Dated: May 1, 1995

Book No.1

Received with thanks from Shri _ Ram
for Donation a sum of Rs.Five hundred only

Rs.500/-

Kamal

(Treated as Capital fund)

Signature of Treasurer

Vr.No.51

Counterfoil

SPORTS CLUB, NAGPUR (RAJ.)

Receipt No.23

Dated: Sept. 5, 1995

Book No.1

Received with thanks from _ Mohan
for Donation a sum of Rupees _ three hundred only.

Rs.300/-

Kamal

Signature of Treasurer

(Treated as Capital fund)

Vr.No.52

Counterfoil

Sports Club, Nagpur (Raj.)

R.No.24

Dated: Dec. 25, 1995

Book No.1

I received with _ from Shri _ Om Prakash
for Subscriptions for 1996 a sum of Rupees Rs.One hundred
only.

Rs.100/-

Kamal

Signature of Treasurer

Vr.No.53

Counter foil

SPORTS CLUB, NAGPUR (RAJ.)

Receipt No.25

Dated: Dec. 25, 1995

Book No.1

Received with thanks from Shri _ Madan Raj
for Subscriptions fee for 1995 a sum of Rupees_

Rs. One hundred only

Rs.100/_

Kamal

Signature of Treasurer

Transactions on the Basis of vouchers

1995

Jan.1	Building donated by Sh.Kamal Kumar	Rs.10,000
"	Games material donated by Jagdish Sports	Rs. 5,000
"	Deposited in Nagaur Gramin Anchalik Bank, Nagaur (Fixed Deposit)	Rs. 5,000
"	Purchased stationery	Rs. 100
"	Paid for refreshment	Rs. 100
"	Received donation (Total)	Rs. 5,800
"	Received Life membership fee	Rs. 5,000
"	Received subscription	Rs. 500
"	Received Entrance fee	Rs. 100
Feb.1	Paid Salary	Rs. 100
" 10	Paid for postage	Rs. 100
Mar.1	Paid salary	Rs. 100
Mar.8	Sports equipment	Rs. 1,200
Apr.1	Paid salary	Rs. 100
Apr.5	Paid wages	Rs. 50
Apr.10	Purchased stationery	Rs. 20
May1	Paid salary	Rs. 100
May10	Purchased stationer	Rs. 15
June1	Paid salary	Rs. 100
Jul1	Paid salary	Rs. 100
Jul10	Postage purchased	Rs. 25
Aug.1	Paid salary	Rs. 100
Aug.14	Purchased sports material & equipment	Rs. 900
Sept1	Paid salary	Rs. 100
Sept.5	Purchased stationery	Rs. 30
Oct1	Paid salary	Rs. 100
Oct15	Paid for refreshment	Rs. 100
Nov.1	Paid salary	Rs. 100
Nov.1	Purchased stationery	Rs. 15
Dec.1	Paid salary	Rs. 100
Dec.25	Advance subscription received	Rs. 200
Dec.31	Credit Purchase of stationery	Rs. 30
Dec.31	Outstanding salary of month Dec.,95	Rs. 100

List of Donors

S.No.	Name	V.No.	Amount
1.	Shri Pawan kumar	27	5,000
2.	Shri Ram	50	500
3.	Shri Mohan	51	300
	Total:		<u>5,800</u>

List of Life Members

S.No.	Name	V.No.	Amount
1.	Shri Giriraj Kishore	30	1,000
2.	Shri Ekanwarlal	31	1,000
3.	Shri Radhey shyam	32	1,000
4.	Shri Kamal	33	1,000
5.	Shri Jagdish	34	<u>1,000</u>
			5,000

List of persons from whom subscriptions Received

S.No.	Name	V.No.	For the year	
			<u>1995</u>	<u>1996</u>
1.	Shri Om Prakash	35	100	-
2.	Shri Rama kant	36	100	-
3.	Shri Madan Raj	37	100	-
4.	Shri Mukesh	38	100	-
5.	Shri Rakesh	39	100	-
6.	Sh. Om Prakash	52	-	100
7.	Sh. Madan raj	53	-	100
	Total		<u>500</u>	<u>200</u>

List of Persons from whom entrance fee received

S.No.	Name	V.No.	Amount
1.	Shri madhyen Shyam	40	10.00
2.	Shri Kamal	41	10.00
3.	Shri Giri Raj Kishore	42	10.00
4.	Shri Jagdish	43	10.00
5.	Shri Bhanwarlal	44	10.00
6.	Shri Rama kant	45	10.00
7.	Shri Madan Raj	46	10.00
8.	Shri om Prakash	47	10.00
9.	Shri Rakesh	48	10.00
10.	Shri Mukesh	49	10.00
Total :			100.00

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED

31st Dec., 1995			
Receipts	Amount	Payments	Amount
Subscriptions 1995 Rs. 500/-		Fixed Deposits	5,000/-
1996 Rs. 200/-	700/-	@ 10% p.a. interest	
Entrance fees	100/-	Salaries & wages	1,150/-
Donations & Life membership fee	10,800/-	Sports Equipment	2,100/-
		Refreshment	200/-
		Stationery & postage	305/-
		Balance c/d	2,845
	<u>11,600/-</u>		<u>11,600/-</u>

Sports Club, Nagaur
Income & Expenditure Account

(For the year ended 31st Dec., 1995)

Expenditure	Rs.	Income	Rs.
To Salary & wages + outstanding	1150/- 100/-	By subscription	700/-
To Postage & Stat. 305Cb+30 C/S	335/-	Less: received in advance	200/- 500/-
To Refreshment	200/-	By Accrued Int. on Fixed Deposit	500/-
To Depreciation sports equipment	1100/-	By Entrance fee	100/-
Building	500/-	By Excess of exp. over income (Def.)	2285/-
	<u>1600/-</u>		
	<u>3385/-</u>		<u>3385/-</u>

SPORTS CLUB, NAGOUR

Balance sheet as on 31st Dec., 1995

Liabilities	Rs.	Assets	Rs.
Capital fund		Land & building	10,000/-
Donations and Life membership fee	25,800/-	Less: Dep.	500/ 9500/
Less Deficit	<u>2,285/-</u>	Games material	7100/
J/s Stationery	30	(5000+2100)	
O.S. Salary	100/-	Less: Dep.	1100/ 6000/-
Subscription received in advance (1996)	200/-	Fixed Deposit	5000/-
		Accrued Interest	500/-
		Cash	2845/-
	<u>23,845/-</u>		<u>23845/-</u>

PROBLEM 2

The receipt and payment A/c and Income & Expenditure A/c of Pali Sports Club for the year ending 31st March 1996 are as follows :

Prepare the Balance sheet of Pali Sports Club as on 31st March, 1996.

RECEIPT & PAYMENT ACCOUNT
For the year ending 31st March, 1996

Receipts	Amount	Payments	Amount
To donations for building	50000	By building	45,000
To Donation	10,000	By Salaries	10,000
To subscription	45,000	By Sports Material	15,000
1995-96 40,000		By Fix deposits	10,000
1996-97 5,000		@ 10% as on 1st Oct.95)	
To Int.on Fix Dep.	250	By Newspapers & Magazines	500
To Life Membership fee	15,000	By Furniture	15,000
To Entrance fee	12,000	By Rent	1,000
		By Crockery Purchased	6,000
		By Stationery	3,000
		By Balance C/D.	
		Cash in hand	6,750
		Cash at Bank	20,000
	<u>1,32,250</u>		<u>1,32,250</u>

INCOME & EXPENDITURE ACCOUNT
For the year ending 31st March, 1996

Expenditure	Amount	Income	Amount
To Salaries	15,000	By Donations	10,000
To Sports Material	5,000	By subscription	45,000
To Newspapers & Mag.	600	By Int.on Fix Dep.	500
To Rent	1,200	By Entrance fee	6,000
To Stationery	2,500		
To Depreciation	6,000		
Building 4,500			
Furniture 1,500			
To Surplus	30,200		
	<u>61,500</u>		<u>61,500</u>

SOLUTION
Balance sheet as on 31 March 1996

Liabilities	Amount	Assets	Amount
Advance subscription	5000	Cash in hand	6,750
Outstanding	5800	Cash at Bank	20,000
Salaries	5000	Outstanding Subscr	
Rent	200	iption	5,000
Stationery	500	Fix Deposits	10,000
Newspaper	100	Add: Intt.	<u>250</u> 10,250
Capital fund	101200	Clockery	6,000
Donation for		Sports Material	10,000
building	50000	Furniture	15000 13,500
Life Member		Less Dep	<u>1500</u>
ship fee	15000	Building	45000
Entrance fee	6000	Less Dep.	<u>4500</u> 40,500
Surplus	30200		
	<u>1,12,000</u>		<u>1,12,000</u>

PRACTICE SET 14

PARTNERSHIP ACCOUNTS

This Practice Set has been divided in three sub sets namely _

- _ Formation of a new Partnership firm.
- _ Admission of a new partner
- _ Retirement of a partner

FORMATION OF A NEW PARTNERSHIP FIRM

Guidelines for teachers

- i) The teacher should explain the need and utility of documents contained in the Practice Set thereby motivating students to learn the basic ideas and also the theoretical aspects of Formation of a New Partnership Firm.
- ii) The teacher should explain the need and the procedure of keeping the accounts of a Partnership firm.
- iii) The teacher should explain the concepts of Profit sharing Ratio, Interest on capital, Interest on loan, Salary to the partners etc. used in Partners Accounts.
- iv) The teacher should develop the skill in calculating the profits/losses and its division in partners, Interest on capital and drawings and its division in partners.
- v) The teacher should develop the skill in preparing different accounts relating to the formation of Partnership firm.

Hints for students

1. There are twenty one vouchers in this set Count them.
2. Try to know the nature of the transactions on the basis of vouchers contained in the Practice Set.
3. Try to distribute the Profit /loss among the partners.
4. Try to calculate the interest on Capital and Drawings and make entries in the capital accounts.
5. Try to develop the skill in making necessary entries regarding the formation of Partnership.
6. After completion check your solution with the solution provided at the end of the Practice Set. In case of difficulty consult your teacher.

PROBLEMS

On 1st Jan., 1995 Amar (A) Bihari (B) and Chandra (C) decided to form a new partnership firm named 'Laxmi Cloth Stores' at Madar Gate, Ajmer. The following terms and conditions were decided among them as per their partnership deed:

- i) They will contribute their capital by depositing money in current account in 'Bank of Baroda', Prithvi raj Marg, Ajmer on 1st Jan., 1995.
- ii) Their profit/loss sharing ratio will be 2:2:1
- iii) Interest on capital will be allowed @ 9% p.a.
- iv) Interest on drawings will be charged @ 12% p.a.
- v) Salary will be allowed to active partner 'C' @ Rs.2000/- per month.
- vi) Interest on loan taken from any partner will be allowed @ 15% p.a.
- vii) All Cash transactions are dealt through Bank.

Prepare necessary ledger accounts and Profit & Loss Account and Balance sheet after making necessary entries in the capital Account.

Voucher No.1

Pay In Slip Counter Foil

Bank of Baroda

Current A/c No. F/258

Bank: Ajmer

Dated: Jan.1,1995

Paid in credit of : Laxmi Cloth Stores
Madar Gate the sum of Rs. Seventy thousand only

<u>Notes</u>	<u>Rs.</u>
100x700	70,000
(Hint_ Capital)	

Bank Seal
Rs.70,000/-

Amar (Partner)
Name of depositor

Voucher No.2

Pay in Slip Counter foil

Bank of Baroda

Current A/c No. F/258

Branch: Ajmer

Date: Jan.1,1995

Paid into the credit of : Laxmi Cloth Stores, Madar Gate, Ajmer the sum of Rs. Sixty thousand only

<u>Details</u>	<u>Amount Rs.</u>
100x600	60,000/-

Bank Seal
Rs.60,000/-

(Hint_Capital)

Sd/. Bihari (Partner)
Name of Depositor

Voucher No. 3

Pay in Slip Counterfoil

Bank of Baroda

Current A/c No. F/258

Branch: Ajmer

Date: Jan.1,1995

Paid into credit of :Laxmi Cloth stores,Ajmer
the sum of Rs. Fifty thousand only

Bank Seal

Rs.50,000/- Details Amount
. 100x500 50,000/-

Sd/.Chandra(Partner)
Name of Depositor

Voucher No. 4

Mohan Textiles

Credit Memo No.305

Surat Road,Ahemadabad

Order No. 130

Dt. Jan.3, 1995

M/s Laxmi Cloth Stores
Madar gate, Ajmer

Qty.	Particulars	Rate	Amount
3000 mts.	Shuiting shirting 'Mayur'	60/-per mt.	1,80,000
	A'Grade		10,000
	Less Trade Discount		1,70,000
	Amount due Rs.		

E.&O.E.

Sd/.
Signature

Voucher No. 5

Laxmi Cloth stores

Cash Payment Voucher

Madargate,Ajmer

Dt. Jan.15,1995

Amount : Rs. 8,000/- (Rs.Eight thousand only)

Nature of expenses : Carriage & coolie expenses

Account Head : Carriage

Paid by : Cash

Sd/. Cashier

Sd/.Verified by

Voucher No.6

Cash Receipt
Mohan Textiles

S.No.175

Surat Road, Ahmedabad
 Dt. Jan.30,1995

Received cheque from Laxmi Cloth stores, Madar Gate, Ajmer Rs. One lakh Fifty Three Thousand only on account of Bill No. 305 dated Jan. 3,1995

Rs.1,53,000/-

Sd/.

Signature of receiver
 Manager

Voucher No.7

Laxmi Cloth Store
 Madar Gate, Ajmer

Credit Memo No.(10)

Date: Feb.1,1995

Order No.6

Shri Ram & Sons

Sojati Gate, Jodhpur

Qty.	Particulars	Rate	Amount
1000 mtr.	Suitings 'Mayur'	200/- p.mtr.	2,00,000
	Amount due	Rs.	2,00,000

E.&.O.E.

Sd/.
 Signature - Partner

Voucher No.8Receipt

Laxmi Cloth stores

No.172

Madar Gate,Ajmer

Dt. Marbh 1, 1995

Received a cheque with thanks from M/s Ram & Sons
 Sojati Gate, Jodhpur on account of our bill No.10
 Dated Feb.1,1995

Rs.1,65,000/-

(In words) : Rs.one lakh sixty five thousands

Sd/.

Signature

For Laxmi Cloth store,Ajmer

(Partner)

Voucher No.9

Bank of Baroda

Cheque No.13023

Branch_ AJMER

A/c No. F/258

Date : Jan.30, 1995

Pay to : Amar (Partner)

Rupees : Thirteen thousand only

Rs. 13000/-

Sd/.

For Laxmi Cloth Store,Manager

(Hint_Drawings)

Voucher No.10

Bank of Baroda

Cheque No. 13024

Branch:Ajmer

A/c No.F/258

Date: Jun 30,1995

Pay to : Bihari (Partner)

Rupees : Ten thousands only

Rs. 10,000/-

Sd/.

For Laxmi Cloth store,
Manager

(Hint_ Drawings)

Voucher No.11

Bank of Baroda

Cheque No. 13025

Branch: Ajmer

A/c No. F/258

Date: Jun 30, 1995

Pay to : Chandra (Partner)

Rupees : Seven thousand only

Rs.7000/-

Sd/.

For Laxmi Cloth stores,
Manager

(Hint_ Drawings)

Voucher No.12Bharat Furniture

Cash memo No.201

Station Road, Ajmer

Sold to :M/s Laxmi cloth stores,
Madargate, Ajmer

Dt. July 1, 1995

Particulars	Qty	Rate	Amount
Shop fitting materials	150ply	100/-per	15000
Wages & Labour charge	20days	100/-per day	<u>2000</u> 17000

Sd/. Manager

Voucher No.13

Pay in slip counter foil

Branch_ Ajmer

Current A/c No.F/258

Date:Sept. 1, 1995

Paid in credit of _ M/s Laxmi Cloth stores

Ajmer the sum of Rs. Ninty thousand only

<u>Details</u>	<u>Amount</u>
100x900	90,000

Bank Seal

Rs.90,000/-

(Hint_Loan to firm)

Sd/. Amar Partner
Name of Depositor

Voucher No.14

Excellent Building Constructor

Material Supplier & Builder

Cash Receipt

Order No.95/012

SMS Road, *Jaipur

M/s Laxmi Cloth Stores,
Madar Gate, Ajmer

Date: Oct. 1, 1995

Building construction 2000sq.yds.

Rs.

Contract money received

2,00,000

2,00,000

sd/. Signature

Voucher No.15

Laxmi Cloth Stores,

Madar Gate

Ajmer

Cash Payment Voucher

Date Oct.31, 1995

Amount : Rs.12,300/- (Rupees Twelve Thousand
Three Hundred) only.

Nature of Expense : Sundry office expense

Amount Head : Office Expense

Paid by : Bank

sd/_
Cashiersd/_
Verified.Voucher No.16

Laxmi Cloth Stores,

Madar Gate, Ajmer.

Journal Vouchers.

Dt. 31st Dec.1995

Debit : Depreciation a/c.

Credit : Furniture @ 20% p.a.

Building @ 2% p.a.

Signature Accountant

Signature Manager

Voucher No.17

Laxmi Cloth Stores

Madar Gate
Ajmer

Journal Voucher

Date 31st Dec.1995

Debit : closing stock valued at Rs.60,000\$

Credit : ;

Signature Accountant

Signature Manager

Voucher No.18~~Laxmi~~ Laxmi Cloth Stores,Madar Gate
AjmerJournal Voucher

Date 31st Dec.1995

Debit : Partner's Salary

Credit : Chandra's Capital

Signature Accountant

Signature Manager

Voucher No.19

Laxmi Cloth Stores,

Madar Gate
Ajmer.Journal Voucher

Date 31st Dec.1995

Debit : Interest on Capital @ 9 % p.a.

Credit: - - - - -
- - - - -
- - - - -

Signature Accountant

Signature Manager

Voucher No.20

Laxmi Cloth Stores,

Madar Gate, Ajmer

Journal Voucher

Date

Debit ? - - - - -

Rs - - - - -

Credit Interest on Drawings @ 12 % p.a.

'268

Voucher No.21

Laxmi Cloth Stores,

Madar Gate

Ajmer.

Date

Journal Voucher

Debit : Interest on loan from A @ 15% p.a.

Credit : - - - - -

Signature Accountant

Signature Manager

SOLUTION

36269

Transaction

1995

- Jan.1 Amar deposited Rs.70,000 in Bank of Baroda as his capital in the business.
- " Behari deposited Rs.60,000/- in Bank of Baroda as his capital in the business.
- " Chandra deposited Rs.50,000 in Bank of Baroda as his capital in the business.
- " 3 Purchased goods worth Rs.1,80,000, Trade discount allowed Rs.10,000 from Mohan Textiles.
- " 15 Paid Carriage Rs.8,000.
- " 30 Paid to Mohan Textiles by Cheque Rs.1,53,000/-
- Feb.1. Sold goods to M/s.Ram & Sons Rs.2,00,000/-
- March 1 Received a cheque for Rs.1,65,000 from M/s.Ram & Sons.
- June 30 Withdraw from bank Rs.13,000/- and paid to Amar as drawings.
- " Withdraw from Bank Rs.10,000/- and paid to Bihari as drawings.
- " Withdraw from Bank Rs.7,000/- and paid to Chandra on drawings.
- July 1 Purchased Furniture Rs.17,000/-
- Sept.1 Received a loan of Rs.90,000/- from Amar (Partner)
- Oct.1 Paid to Contractor against building construction Rs.2,00,000/-
- Oct.31 Paid office expenses Rs.12,300/-
- Dec.31 Charge depreciation on Furniture @ 20% p.a. and on Building @ 2% p.a.
- Dec.31 Closing stock was valued Rs.60,000/-
- Dec.31 Paid salary to Chandra (Partner) @ 2000/- per month for twelve months.
- " Interest was credited on capital @ 9 % p.a. to all the partners.
- " Interest on Drawings were charged from all the Partners @ 12% p.a.
- " Paid interest on loan to Amar @ 15% p.a.

Solution
Partners' Capital A/c

Date	Particulars	Amount	A	B	C	Date	Particulars	A	B	C
Jun30	To Drawings	13000	10000	7000	1995	Jan9	Bycash	70000	60000	50000
Dec31	To Int.on Draw	780	600	420	Dec31	By Int.on				
"	To Bal.C/d	76660	66440	75900	"	Cap.	6300	5400	4500	
					"	By Int.on				
					"	Loan	4500	-	-	
					"	By Part.				
					"	Salary	-	-	24000	
					"	By Net				
						Profit	9640	9640	4820	
		90440	75040	83320			90440	75040	83320	

Cash Book (Bank Column)

1995			1995		
Jan1	To Partners Cap.	70000	Jan15	By Carriage inwards	8000
	B	60000	Jan.30	By Mohan (creditors)	153000
	C	50000	Jun30	By Drawings A	13000
Mar1	To Ram & Sons			B	10000
	(Debtors)	165000		C	7000
Sept1	To Loan from A	90000	Jul1	By Furniture	17000
			Oct1	By Building	200000
			Oct31	By O.Exp.	12300
			Dec31	By Bal.c/d	14700
		<u>435000</u>			<u>435000</u>

M/s Mohan Textiles (Creditors)

1995		1995	
Jan 30 To Bank a/c	153000	Jan 3 By Purchases	170000
Dec. 31 To Bal C/d	<u>17000</u>		
	<u>170000</u>		<u>170000</u>

M/s Ram & Sons (Debtors)

1995			1995		
Feb1	To Sales A/c	200000	Mar1	By Bank a/c	165000
			Dec31	By Bal. c/d	35000
		<u>200000</u>			<u>200000</u>

Furniture A/c

1995		1995	
Jul1. To Cash a/c	17000	Dec31 By Dep.	1700
		Dec.31 By Bal.c/d	15300
	<u>17000</u>		<u>17000</u>

Building A/c

1995			1995		
Oct1	To Cash A/c	200000	Dec31	By Depreciation	1000
			"	By Bal.C/d	199000
		<u>200000</u>			<u>200000</u>

Trading & Profit & Loss A/c
for the year ending 31st Dec., 1995

To Purchases	170000	By Sales A/c	200000
To Carriage inwards	8000	By cl.stock	60000
To Gross profit c/d	<u>82000</u>		
	<u>260000</u>		<u>260000</u>
To Off.exp.	12300	By Gross profit b/d	82000
To Dep.on furniture			
(6month)	1700		
Building(3 months)	1000		
To Net profit c/d	<u>67000</u>		
	<u>82000</u>		<u>82000</u>
<u>Profit&Loss Appropriation A/c for the year ending 31.12.1995</u>			
To Int.on Cap.		By Net profit b/d	67000
A_6300		By Int.on Drawings	
B_5400		A_ 780	
C_4500	16200	B_ 600	
To Int.on A's Loan		C_ 420	1800
(4 months)	4500		
To Partners' Sal.			
of 'C'	24000		
To Net profit divided			
2/5 A	9640		
2/5 B	9640		
1/5 C	<u>4820</u>		
	<u>24100</u>		
	<u>68800</u>		<u>68800</u>
	-----		-----

Balance sheet as on 31st Dec.,1995

Creditors	17000	Cash at Bank	14700
A's Loan	90000	Debtors	35000
Capitals_A	76660	Cl.stock	60000
B	64440	Furniture	15300
C	75900	Building	199000
	<u>324000</u>		<u>324000</u>
	-----		-----

ADMISSION OF A NEW PARTNERGuidelines for Teachers

1. The teacher should explain the needs and utility of documents contained in the Practice Set thereby motivating students to learn the basic ideas and also the practical aspects of Admission of a new partner in partnership firm.
2. The teacher should explain the concept of goodwill and revaluation of Assets&liabilities.
3. The teacher should develop the skill in calculating profit and revaluation of assets and their adjustments in the concerned accounts.
4. The teacher should develop the skill in preparing Revaluation Account, Partners' Capital Account and the new Balance Sheet.

Hints for students

1. Check ledger accounts, conditions regarding admitting the new partner, and vouchers regarding bringing capital, withdrawal of goodwill and the list of assets and liabilities.
2. Try to know the nature of the transaction on the basis of the conditions of the Partnership and the vouchers contained in the Practice Set.
3. Try to calculate the goodwill and the profit sharing ratio of the partners.
4. Try to develop the skill in preparing Revaluation Account, Partners capital Account and the new Balance Sheet.
5. After completion check your solution with the solution provided at the end of the Practice set. In case of difficulty consult your teacher.

PROBLEM

Enclosed herewith find the ledger Accounts as on March 31, 1995, request letter from Mr. Manav for admitting him as a partner and the conditions of admissionⁱⁿ/M/s Modern Timber store. The old partners of the firm are Sia Ram & Mohanlal. They were sharing Profit / Loss in the Ratio of 3:2. Prepare Revaluation Account, Partners Capital Account and the Balance Sheet of the new firm as on April 1, 1995.

Cash Account

1995		
Ap.1	To Balance b/d	19500

Bills Receivable Account

1995		
Ap.1	To Balance b/d	2000

Sundry Debtors Account

1995		
Ap.1	To Balance b/d	13000

Stock Account

1995		
Ap.1	To Balance b/d	15000

Furniture Account

1995		
Ap.1	To Balance b/d	5000

Machinery Account

1995		
Ap.1	To Balance b/d	10000

Land & Building Account

1995		
Ap.1	To Balance b/d	37000

Sundry ~~debtors~~ creditors

1995		
Ap.1	By Balance b/d	37500

Sia Ram's Capital Account

1995		
Ap.1	By Balance b/d	40000

MOHAN's Capital Account

1995		
Ap.1	By Balance b/d	24000

Conditions on which Mr. Manav has been admitted in Modern Timer Store_

1. That Manav will pay Rs.16,000/- as capital for his $\frac{1}{4}$ share in Profit/Loss of the firm.
2. That Manav will pay Rs.8,000/- for Goodwill. $\frac{3}{4}$ of this sum will be drawn by the old partners of the firm.
3. That the stock and furniture be revalued as Rs.12,000/- and Rs.4,000 respectively.
4. That a provision for doubtful debts will be created on sundry debtors and Bill Receivables @ of 10%.
5. That the Land & building and Machinery be revalued at Rs.55500 and Rs.12,000 respectively.
6. That Rs.960/- included in sundry creditors is not likely to be claimed, hence necessary correction is to be made.
7. That the provision of Rs.2,000/- for outstanding expenses and Rs.1,000 as accrued income is to be made.
8. That these being a claim against the firm for damages to be extent of Rs.2,500/- a provision for the same ~~is~~ is to be created.

Sd/. Si a Ram
Mohan lal
Manav

Shastri Nagar, Ajmer
Dated 1st April, 1995

M/s Modern Timber Store,
K e sar Ganj,
Ajmer

Sir,

Thank you for admitting me as a partner in your firm.
I am enclosing herewith two cheques No. 799708 and 799709
dated 1st April, 1995 for Rs.16,000/- and Rs.8,000/-
respectively against my contribution towards capital
and good will for my 1/4 share in Profit/Loss of the firm.

I assure that I shall work together with you in the
best interest of the firm.

Yours faithfully,
Sd/.
Manav

VOUCHER No. 1.

& Co.
No. 799708

STATE BANK OF INDIA, AJMER
1st April, 1995

Pay to M/s Modern Timber Store
a sum of Rs. Sixteen thousand only.

Rs.16000/- (Hint cheque for capital of Manav) Sd/. Manav
Sig. A/c 7683

VOUCHER No. 2

& Co.
No. 799709

STATE BANK OF INDIA, AJMER
1st April, 1995

Pay to M/s : Modern Timber store
a sum of Rs. Eight thousands only.

Rs.8000/- (Hint cheque for GW of Manav) Sd/. Manav
Signature A/c 7687

Voucher No.3.

Cash/Transfer

Current a/c Cash Credit a/c Pay_in_Slip

State Bank of India

Ajmer Branch

A/C.No.349

Date. 1.4.95.

Cash Credit Account of Si a Ram

Details.	Amount
Three Thousand Six Hundred only.	3600.00
	3600.00

3/4 Goodwill withdrawn
Deposited in the Bank.

Voucher No.4.

Current a/c.Cash Credit a/c.Pay_in_Slip

State Bank of India Ajmer.

Cash Credit account of Mohan Lal

A/c.No.711

Date - 1.4.95.

Details of Cash/Cheques.	Amount.
Two Thousand Four Hundred only.	Rs.2400.00
	Rs.2400.00

3/4 Goodwill deposited in the account.

Revaluation Account

Particulars	Amount	Particulars.	Amount
To Stock A/c.	3000	By land & Building	18500.00
To Furniture A/c.	1000	By Machinery A/c.	2000.00
To provision for doubtful debts.	1300	By Sundry Creditor	960.00
To provision for doubtful B/R	200	By Accrued income	1000.00
To outstanding exp.	2000		
To provision for damages A/c.	2500		
To Capital A/c\$:			
Sitaram	7476		
Mohanlal	<u>4984</u>		
	12460		
	22460		22460

Partners Capital Account

Date	Particulars	Sia	Mohan	Man.	Date	Particular	Sia	Mohan	Man.
		Ram	lal				Ram	lal	
1995	To Bank A/c	3600	2400	-	1995				
Apl					Apl.1	By Bal.b/d	40000	24000	-
1	To Bal.C/D	48676	29784	16000	do	By Bank A/c	-	-	16000
					"	By Goodwill	4800	3200	-
					"	By Reval.A/c	7476	4984	-
Total		52276	32184	16000	Total		52276	32184	16000

Balance Sheet
as on April 1, 1995

Liabilities	Amount	Assets	Amount
Sundry Creditors (37500-960)	36940.00	Cash at Bank	37500.00
Outstanding Expenses	2000.00	Bills Receivable Less Provision 200	1800.00
Provision for Damages	2500.00	Sundry Debtors less Provision 1300	11700.00
Capital accounts:		Stock (15000-3000)	12000.00
Sia Ram 48676		Furniture (5000-1000)	4000.00
Mohanlal 29784		Machinery (10000+2000)	12000.00
Manav 16000	94460.00	Land & Building (37000+18500)	55500.00
		Accrued Income	1000.00
Total	<u>1,35,500.00</u>	Total	<u>1,35,500.00</u>

- RETIREMENT OF A PARTNER

Guidelines for Teachers

1. The teacher should explain the need and utility of documents contained in the practice set thereby motivating students to learn basic ideas and also the practical aspects of retirement of a partner in partnership firm.
2. The teacher should explain the reasons for the retirement of a partner from the partnership firm.
3. The teacher should explain the process of revaluation of assets and the change in the profit sharing ratio at the time of retirement of a partner.
4. The teacher should develop the skill in passing necessary journal entries, preparing Revaluation Account, Bank Account, Partners Capital Account and the Balance Sheet showing the effect of retirement of a partner.

Hints for Students

1. Try to understand the Balance sheet and each of the voucher of the partnership firm.
2. Try to revalue the assets and liabilities as per the decision of the partners.
3. Try to develop the skill in making necessary journal entries on the basis of the agreed terms of partners.
4. Try to develop the skill in preparing Revaluation Account, Bank Account, Partners Capital Account and the Balance sheet.
5. After completion check your solution with the solution provided at the end of the Practice set. In case of difficulty consult your teacher.

PROBLEM

Find below the balances of Assets and Liabilities as on 31st Dec. 1995 of a Partnership Firm of which X, Y & Z are partners. They were sharing profits / losses in proportion to their capital.

<u>Liabilities</u>		<u>Assets</u>	
Sundry Creditors	61,050	Cash at Bank	37,550
Bills payable	4,600	Sundry Debtors 8000	
		Less Provision <u>700</u>	7,300
General reserve	8,400	Stock	3,400
Capital		Bills Receivable	3,600
X 36,000		Furniture	4,000
Y 12,000		Plant & Machinery	10,400
Z <u>24,000</u>	72,000	Motor Car	11,700
		Land & Building	48,000
		Profit and Loss (Dr)	20,100
Total	<u>1,46,050</u>		<u>1,46,050</u>

X decided to retire from the firm on 1st Jan., 1996. On his retirement it was decided to revalue the Assets as under _

Stock	Rs.4,100
Furniture	Rs.3,600
Plant and Machinery	Rs.8,700
Motor Car	Rs16000
Salary Debtors	Rs.7,000
(Rest are doubtful)	

A provision of Rs.800 is to be made for outstanding expenses.

It was agreed that the remaining partners Y & Z will share the profit / loss in the ratio of 3:2 in future respectively. The capital of the new firm is to be raised to Rs.50,000 to be adjusted in the remaining partners in their profit sharing ratio.

Pass necessary Journal entries and prepare Revaluation Account, Bank Account, Partners capital Account and the Balance sheet. Also prepare vouchers to settle the accounts of Mr.X, Y & Z.

No.34520

Voucher No.1

State Bank of India, Ajmer

Dated 1.1.1995

Pay to Mr. X or Bearer

Rupees Thirty one thousand & fifty only

Rs.31050/-

(Final payment made to X)

Sd/.Partner

No.34521

Voucher No.2

State Bank of India, Ajmer

Dated: 1.1.1996

Pay to X, Y & Z (Partnership firm) or Bearer

Rupees Nineteen thousand six hundred and fifty only

Rs.19650/-

Sd/.Partner (Y)

(Deficiency of Capital brought in)

CURRENT A/C/ CASH CREDIT A/c PAY_IN_SLIP Cash/Transfer
 STATE BANK OF INDIA A/c No.
 AJMER Branch Date:
 FOR THE CREDIT OF THE CURRENT ACCOUNT/
 CASH CREDIT ACCOUNT F Z

Details of cash/cheques

Amount

Rupees
 (In words, Seven hundred only)

Rs. P
 700/-

Cashier Cash officer/
 Passing officer

(Excess capital deposited on Z's Bank A/c.)

Journal

Date	Particulars	JF	<u>Amount</u>	
			Dr.	Cr.
1996 Jan.1	Revaluation A/c Dr. To Plant&Machinery To Furniture To Provision for debtors To Provision for O/S Track Exp (Value of assets decreased on xxx revaluation)		3200	1700 400 300 880
Jan.1	Stock A/c Dr. Motor Car A/c Dr. To Revaluation (Value of assets increased)		700 4300	5000
Jan.1	Revaluation A/c Dr. To X's capital A/c To Y's capital A/c To Z's capital a/c (Profit of Revaluation 3.1.2)		1800	900 300 600
Jan.1	General Reserve A/c Dr. To X's capital A/c To Y's capital A/c To Z's capital a/c Gen.reserve transfer to capital		8400	4200 1400 2800
Jan.1	X's cap A/c Dr. Y's capital A/c Dr. Z's capital A/c Dr. To P&L A/c Debit balance of P&L transferred to partner's capital A/c)		10050 3350 6700	20100
Jan.1	X's A/c Dr. To Bank (Amount paid by cheque)		31050	30050
Jan.1	Bank A/c Dr. To Y's Capital A/c (Deficiency of capital brought in cash)		19650.00	19650
Jan.1	Z's Capital A/c Dr. To Bank A/c (Excess capital withdrawn)		700.00	700

Revaluation Account

To Plant & Machinery	1700	By Stock	700
To Furniture	400	By Motor car	4300
To Provision for Debtors	300		
To Provision for J/s			
Trade exp.	800		
To Capital a/c			
X	900		
Y	300		
Z	600		
	1800		
	<u>5000</u>		<u>5000</u>

Partners capital Account

Particulars	X	Y	Z	Particulars	X	Y	Z
To P&L A/c	10050	3350	6700	By Bal.B/d	36000	12000	24000
To Bank(X)	31050	--	--	By Reval.	900	300	600
To Bank	--	--	700	By Gen.Res.	4200	1400	2800
To Bal.c/d(Fixed)	30000	20000		By Bank	--	19650	--
	<u>41100</u>	<u>33350</u>	<u>27400</u>		<u>41100</u>	<u>33350</u>	<u>27400</u>

Bank Account

Particulars	Amount	Particulars	Amount
To Balance B/d	37550	By ZCapital A/c	700
To Y's Capital a/c	19650	By Capital A/c(X)	31050
		By Balance c/d	<u>25450</u>
	<u>57200</u>		<u>57200</u>

Balance sheet as on 1st Jan.,1995

Liabilities	Amount	Assets	Amount
Sundry creditors	61050	Cash in hand	25450
Bills payable	4600	Sundry debtors	8000
Provision for o/s		Less:Provision	<u>1000</u>
Trade Exp.	800	Stock	4100
Capital A/c		Bills receivable	3600
Y	30000	Furniture	3600
Z	20000	Plant&Machinery	8700
		Motor car	16000
		Land & building	48000
	<u>116450</u>		<u>116450</u>

PRACTICE SET 15

COMPANY ACCOUNTS

Guidelines for teachers

1. The teacher should explain the need and utility of documents contained in the practice set thereby motivating students to learn the basic ideas and also the practical aspects of company accounts.
2. The teacher should explain the various terms such as Memorandum of Association, Prospectus, Capital Structure, Share, Debenture, Application money, Allotment money, Call money, Resolution, forfeiture of shares, Re-issue of shares etc. and their importance in company accounts.
3. The teacher should explain various forms such as share application form, share certificates etc. used in company accounts.
4. The teacher should develop the skill in making necessary journal entries in the books of the company regarding issue of shares and its position in the balance sheet.

Hints for students

1. Please read the documents of the Practice set carefully.
2. Try to know the nature of the transactions took place in Poly Raj Fibre Ltd, Bombay on the basis of the prospectus for issue, various resolution and correspondence with the Bank contained in the practice set.
3. Try to pass necessary journal entries on the basis of the above documents.
4. After completion check your solution with the solution provided at the end of the Practice Set. In case of difficulty consult your teacher.

THE PROBLEM

Enclosed herewith are various documents of Polyraj Fibre Ltd., Bombay relating to raising the capital from the public. Pass necessary journal entries in the book of Poly Fibre Ltd. and prepare the Balance sheet.

Polyraj Fibre Limited, Bombay

(Registered Office Laxmi Building, New Link Road, Bandra Bombay)

Memo-randum Containing the prospectus for Issue

1. The company was incorporated on 7th June, 1990 as Polyraj Fibre Limited with its registered office in Bombay.
2. Highlight of the issue project to set up an integrated plant for the manufacturing of Polythread at Bombay.
2. Capital Structure of the Company:
 - a. Authorised capital: 50,00,000 equity shares of Rs.10 each = Rs.5,00,00,000
 - b. Issued, subscribed and paid up: 10,00,000 equity shares of Rs.10/-each = Rs.1,00,00,000
 - c. Present issue offered to Public ; 10,00,000 shares of Rs.10 each = Rs.1,00,00,000 (at par).

3. Terms of Present issue

- | | |
|--|---|
| (i) Issue opens on
10th Jan., 1996 | (i) Applications must be for a minimum of 500 shares and in multiple of 100 thereafter. |
| (ii) Earliest closing:
15th Jan., 1996 | (ii) Amount payable will be as follows:-
on application Rs.2/-each. |
| (iii) Date of Allotment
20th Jan., 1996 | On Allotment Rs.3/- each |
| (iv) Date of first & final call
16th Feb., 1996 | On First & Final Call Rs. 5/-each |
- Where an application is allotted lesser number of shares than applied for, after adjusted allotment money, the excess application money paid, if any will be refunded.

4. Authorised bank: Bank of Baroda Capital Market Division, Ground Floor Stock Exchange, Tower Dalal Street, Bombay and its branches.

5. Minimum Subscription - If the company does not receive the minimum subscription of 90% application money within 120 days from the date of closer date of issue. The Company shall refund with interest as per section 73 of Company Act, 1956.

6. Mode of Payment Payment should be made in cash, cheque, Draft stock invest be drawn on any bank in favour of Bank of Baroda in Company Account 'P-Raj Issue'.

7. Signed by Board of Directors

-
1. Shri Vinit Jain, Chairman & Managing Director
 2. Sh. Ajay Hinghar, Jt. Managing Director
 3. Sh. Mahesh Bhandari, Assistant Managing Director
 4. Sh. Rajesh Sharma, Director
 5. Sh. Narendra Kothari, Director
 6. Sh. Varun Mishra, Director.
-

Bank of Baroda
Bandra Branch
Bombay

Dated : 16-1-1996

The Chairman
Poly Raj Fibre co.Ltd.
Laxmi Building, New Link Road
Bandra
BOMBAY

Sub:-Collection of Share Application Amount

Dear Sir,

It is for your information that the issue of Poly Raj Fibre Ltd, has been closed on January 15, 1996. We have collected the Application money Rupees Twenty Lakhs from the public as per statement attached. The amount has been deposited to your F.D.A/c.No.3536 dated 16-1-1996 payable 90 days after date F.D.Receipt is enclosed herewith.

Yours faithfully,

A B C

Manager

Bank of Baroda

Encl:2

(Pass Journal Entries).

Resolution - 1

It is resolved that all the applicants who has applied for the equity shares of the company may be allotted the same.

Resolution - 2

It is resolved that notice for the deposit of allotment money @ of Rs.3.00 per share may be given to all the share holders. The last date for ~~the~~ the deposit of share allotment money for the share holders will be 10th Feb., 1996.

NOTE :

The above resolutions were passed at the meeting of the Board of Directors held on 15th January, 1996.

Bank of Baroda
Bandra Branch
Bombay

Dated 11th February, 1996.

To
The Chairman.
Polyraj Fibre Limited,
Laxmi Building, New Link Road,
Bandra - Bombay.

Subject - Collection of Share Allotment money

Dear Sir,

It is for your information that we have collected Rs.29,94,000 (Twenty Nine Lakhs and Ninety Four thousands only) as allotment money of your company as per statement attached. This amount has been credited to your current A/c.No.15398.

Yours faithfully,

Encl : As above

A B C
Manager
Bank of Baroda

(Pass necessary journal entries)

Resolution 1

It is resolved that the notice for the deposit of first and final call money @ of Rs.5.00 per share may be given to all the share holders. The last date for the deposit of first and final call money for the share holders will be 1st March, 1996.

NOTE : The above resolution was passed at the meeting of the Board of Directors held on 12th February, 1996.

Bank of Baroda
Bandra Branch
Bombay

Dated 2nd March, 1996.

To
The Chairman,
Polyraj Fibre Limited,
Laxmi Building
New Link Road, Bandra
BOMBAY

Subject : Collection of First & Final Call money

Dear Sir,

This is to inform you that we have collected Rs.49,75,000 (Rupees Forty Nine Lakhs and Seventy Five Thousands only) as first and final call money of your company as per statement attached. The amount has been credited to your current A/c.No.15398.

Yours faithfully,

A B C

Manager

Bank of Baroda

Encl : As above.

(Pass necessary journal entries)

Resolution - 1

It is resolved that 2000 shares of a share holder who has been failed to deposit allotment and first call and final call money, are forfeited.

Resolution - 2

It is resolved that 3000 share of a shareholder who has been failed to deposit First and Final call money are forfeited.

Resolution - 3

It is resolved that 5000 share which were forfeited above may be re-issued at Rs.8/- (fully paid up) each.

sd/- Managing Director

NOTE : The above resolutions were passed at the meeting of the Board of Directors held on 15th March, 1996.

Bank of Baroda
Bandra Branch
Bombay

Dated : 1-4-1996

The Chairman,
Poly Raj Fibre co.ltd.,
Laxmi Building, New Link Road,
Bandra,
Bombay

Sub - Collection of Share Money

Dear Sir,

This is to inform you that we have collected Rs.40,000/- (Rupees Forty Thousands) only for the re-issue of 5,000 shares @ Rs.8/- per share of your company as per statement attached. The amount has been credited to your current A/C.No.153 98.

Yours faithfully,

A B C

Manager

Bank of Baroda

Encl: As above.

Problem according to documents

Authorised Capital of Poly Raj Company 50,00,000

Equity Shares of Rs.10/- each

Issued and subscribed and paid up capital 10,00,000

Equity shares of Rs.10/- each

Poly Raj invited applications for the allotment of 10,00,000 equity shares of Rs.10 each at par. The applications was invited on January 10, 1996 and was closed on January 15, 1996. The public applied for all equity shares . The company allotted the shares and called the allotment payable on or before 10 February 1996. The allotment money received on due date. The first call money payable on 1st March, 1996 ~~or~~ or before. The holders of 2000 shares failed to pay the allotment and first call money and another holder of 3000 shares failed to pay first call money. The shares were forfeited on 15th March, 1996 and re-issued shares at Rs.8 each at fully paid up.

BOLUTION

POLYRAJ FIBRES LTD.

JOURNAL

Date	Particulars	LF	Amount		Amount	
			Rs.	P	Rs.	P
1996						
Jan 16	Bank A/c Dr. To Equity Share Appl.A/c (Being application money recd. on 10,00,000 shares @ Rs.2per share)		2000000		2000000	
"	Equity share App.A/c Dr. To Equity Share Cap.A/c (Being transfer of application money to share capital)		2000000		2000000	
Feb 10	Equity share Allotment A/c Dr. To Equity share Capital A/c (Being money due on allotment as per Board's Resolution. No.2 dated 10th Feb.,1996)		3000000		3000000	
Feb 11	Bank A/c Dr. To Equity share Allotment A/c (Being money received on allotment)		2994000		2994000	
Mar 1	Equity share First Call A/c Dr. To Equity share Cap.A/c (Being first call money due as per Board's resolution No.1 dated 12th Feb.,1996)		5000000		5000000	
Mar 2	Bank A/c Dr. To Equity share First call A/c (Being money recd.on 1st call)		4975000		4975000	
Mar 15	Equity share capital A/c Dr. To Equity share All.A/c To Equity share F.C.A/c To Forfeited shares A/c (Being forfeiture of 2,000 shares was failed to pay the allotment money and 3,000 shares failed to pay the call money)		50000		6000 25000 19000	
Mar 15	Equity share Call A/c Dr. To Equity share Cap.A/c (Being forfeited shares to the issued at Rs.8 per share)		40000		40000	
"	Forfeited Shares A/c Dr. To Equity share Cap.A/c (Being money transferred to equity share capital a/c)		10000		10000	
"	Bank A/c Dr. To E.Share call A/c (Being 5000 shares reissued @Rs.8/- per share)		40000		40000	
"	Forfeited share A/c Dr. To Cap.Res.A/c (Being balance of forfeited shares A/c transferred to capital Reserve)		9000		9000	

Poly Raj Fibre Limited Co., BombayBalance SheetAs on 31st March, 1996

<u>Liabilities</u>	<u>Amount</u>	<u>Assets</u>	<u>Amount</u>
<u>Share Capital</u>		Cash at Bank	1,00,09,000
<u>Authorised</u>			
50,00,000 equity shares			
of Rs.10/- each	5,00,00,000		

<u>Issued&Paid up Capital</u>			
1,000000 equity shares			
of Rs.10/-each	1,00,00,000		
<u>Reserve & surplus</u>			
Capital Reserve	9,000		

	1,00,09,000		1,00,09,000

LIST OF CONTRIBUTORSREVIEWERS

1. Dr.N.C.Dhotia Ex_Lecturer in Education
Regional Institute of Education
Ajmer(Raj.)
2. Sh.B.L.Kotia Deputy Director,
State Institute of Educational
Research and Training,
Udaipur(Raj.)
3. Dr.K.R.Khatri Reader,
Radhakrishnan Institute of Advanced
Studies in Education
Ajmer(Raj.)
4. Sh.M.L.Bapna Vice Principal,
Govt.Jawahar Sr.Sec.school,
Ajmer (Raj.)
5. Shri S.L.Sharma Lecturer
Govt.Guru G.S.Sr.Sec.school,
Udaipur(Raj.)
6. Shri I.P.Jangid Lecturer
Govt.Bangur Sr.Sec.school,
Pali(Raj.)

RESOURCE PERSONS

- 1.Ir.N.C.Dhotia Ex Lecturer in Education
Regional Institute of Education,
Ajmer (Raj.)
- 2.Sh.B.L.Kotia Professor
Institute of Advanced Studies in Ed.
Ajmer (Raj.)

PARTICIPANTS

- 1.Shri Shrikant Sharma Lecturer
Institute of Advance Studies in Ed.
Ajmer (Raj.)
- 2.Shri Ram Naryan Kabra Lecturer
Govt.Sr.Sec.school,
Kapasan(Raj.)
- 3.Shri Hariom Saraswat Lecturer
Govt.Sr.Sec.school,
Nadbai,Bharatpur(Raj.)

4. Sh. Jagdish Pd. Singhal Lecturer
Govt. Sr. Sec. school,
Dholpur (Raj.)
5. Sh. R. Jendra Pd. Sharma Lecturer
Govt. Fateh Sr. Sec. school,
Udaipur (Raj.)
6. Sh. D. K. Michand Sharma Lecturer
Govt. Patel Sr. Sec. school,
Beawar (Raj.)
7. Sh. Jagdish Narayan Nag Asstt. Director,
Board of Sec. Ed., Rajasthan
Ajmer (Raj.)
8. Sh. Bhunwar singh Rathore Lecturer
Bangur Govt. Sr. Sec. school,
Deedwana (Raj.)
9. Sh. Madanlal Bapna Lecturer
Govt. T. C. Jain Sr. Sec. school,
Ajmer (Raj.)

